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What

Is the Most Important  
Credit Problem  
for 1945?

*See Pages 16-18*

**THE CREDIT WORLD**

ONLY PUBLICATION DEVOTED EXCLUSIVELY TO RETAIL CREDIT

JANUARY, 1945



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Form 221—National Retail Credit Association—Series I unit

# The CREDIT WORLD

L. S. CROWDER  
EDITOR

ARTHUR H. HERT  
ASSOCIATE EDITOR

VOL. 33

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NO. 4

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# Instalment Credit And the Consumers' Investment In Durable Goods

**I**N ALL the talk we have had about planning for postwar one problem has been curiously neglected—that of financing the consumer in his purchase of durable goods. We have heard a great deal said about this country's phenomenal production during the war. We are assured that its capacity to produce for war can be converted to produce for peace. If we may judge by the distribution of our productive efforts in the past, the output we are told to expect will include at least twice as many consumer durables per year as the highest total we have ever reached. But few people have concerned themselves very much about how consumers are going to buy this flood of goods. It seems to be taken for granted that consumers will line up at the counters and clamor to plank down cash. They will line up both during the period when war shortages are being made up and during the more remote future. That is to say, they not only will get industry started anew; they also will keep it operating at high levels.

This country's record belies any such easy optimism. Never in the past have we built up a large volume of sales in consumer durable lines without simultaneously building up large outstandings of instalment credit. Consumers have been willing to make down payments on huge quantities of goods. They have cheerfully obligated themselves to pay subsequent instalments. But millions of them have been unwilling or unable to put down the full price in cash.

Even if the large accumulation of spending power now in consumers' hands changes this consumer attitude drastically (which I personally doubt) it will take care of purchases at most only for a year or two, and that is not enough. We cannot be satisfied with planning for a quick transition to peace and a business boom in the first year or two after the transition. We must plan for continuing prosperity long into the future. In so far as durables are concerned, we must plan to

REAVIS COX gave this address before the Boston Conference on Distribution, October 17, 1944. He is Professor of Marketing, University of Pennsylvania and Director of Research Projects, Retail Credit Institute of America.

absorb continuously, year after year, an output at least twice as large as our peak output prewar.

For that purpose we must keep in the forefront of our minds one factor to which, so far as I know, no attention has been given. This is the accumulated volume of durable goods already in consumers' hands. Everyone knows, of course, that the consumers of the country own and keep in use a tremendous stock of durable goods. Anyone who stops to think cannot fail to realize that this stock of what we may call "consumer capital" or "consumer plant and equipment" is an important factor in determining what consumers can and will take off the market.

The sale of durable goods to consumers is not just a matter of having them take and use up immediately as large a volume of goods as possible. We deal here with a flow into a very large pool. The size of the flow into the pool is important. So is the flow out of the pool, that is the disappearance of goods as consumers wear them out, destroy them, or simply stick them away in the attic or the garage and forget them. For many purposes, however, the size and nature of the pool itself are the important factors. The situation is somewhat like that of city's water system. There must be an inward flow but the size of the reservoir exercises a potent influence in determining whether the supply will be adequate to meet the people's needs. The problem of financing the postwar purchase of durable goods by consumers is, I believe, a similar problem. The size of the pool to be built and maintained will have more influence than the size of either flow in determining what the consumers' financing needs will be. More fundamentally it will play a large part in determining the country's standard of living.

## Size of Pool of Consumers' Goods

Some months ago when this idea developed out of a study I have been making of the economics of instalment buying, I began to look around for information as to the size of this pool. I found nothing more than extremely crude guesses, and these were far out of date. I accordingly enlisted the aid of my colleague at the University of Pennsylvania, Professor Ralph F. Breyer, and embarked on what has turned out to be a very laborious statistical task.

Our major computations have just been finished. The accompanying table shows the major results. These are only the big summary figures. We expect to have off the press in a few days a bulletin presenting much more detailed information, discussing the significance of the figures more fully than I can do here, and describing the statistical methods used. W

•Reavis Cox

shall be happy to send a copy of the bulletin as soon as it is available to anyone interested who will let me have his name and address.

**CONSUMERS' INVESTMENT IN DURABLE AND SEMIDURABLE GOODS  
1939 and 1942**

Millions of Dollars

Type of goods	1939		
	1939 Prices	1939 Prices	1942 Prices
Instalment credit consumer durables	22,764.0	25,431.7	32,406.9
Other consumer durables	4,350.5	5,243.1	6,107.4
Consumer semidurables	7,979.5	9,405.5	11,978.9
Total	35,094.0	40,080.3	50,493.2

The figures in the table summarize our findings as to the dollar value of two types of goods held by consumers. First are the durable goods, that is, goods which on the average will be used more than three years before they are scrapped. Second are what we have called semidurables, that is, goods which are not consumed all at once but which have a relatively short useful life—less than three years on the average. Durable goods we have subdivided. One group includes lines in which, according to the best information we could obtain, at least 25 per cent of the retail sales were made on instalments. The items included here are such things as automobiles, furniture, jewelry, watches, refrigerators, washing and sewing machines, floor coverings, radios and pianos. The other group of durables includes those in which instalment purchases play only a small part. Some semidurables are sold on instalments, also, and particularly on so-called budget plans; but the bulk of the business is done on other bases.

For each of these items we have computed three figures. In the first column is the total consumers' investment as it stood in 1939, all holdings by consumers being valued at 1939 prices regardless of when they were bought. We selected 1939 principally because we wanted a year into which World War II had not yet introduced serious strains and distortions. The second column shows the consumers' investment in these goods as it stood in 1942. We have again used 1939 prices. This column is designed to give us some ideas of what happened during the first three years of World War II to the physical volume and condition of the durable and semidurable goods held by consumers. The third column shows the 1942 holdings of consumers in 1942 prices, thus allowing for the effects of a price advance in these goods which, over the period of three years, averaged somewhere in the neighborhood of 25 per cent. We selected 1942 because it is the most recent year for which we could obtain the basic information we need in making our computations. We are hopeful that data for 1943 will become available in the near future, so that we can bring our computations more nearly down to date.

What this table shows can be summarized quickly. In 1939 consumers held approximately 35 billion dollars worth of durable and semidurable consumers' goods. It will be noted that these figures do not include the consumers' investment or that of their land-

lords in housing. The figures apply only to goods that popular terminology recognizes as consumer durables and semidurables. They thus cover only part, and that is probably the smaller part, of "consumer capital."

Of the total approximately two-thirds was in the heavy durables, notably automobiles, furniture, jewelry, watches, and the major household appliances. Approximately one-ninth was in the smaller consumer durables. The rest was in the semidurable lines, of which by far the largest part was wearing apparel.

The third column shows that by 1942 the consumers' investment, if taken at current prices, had risen to well over 50 billion dollars. A large part but not all of this increase was in prices rather than in volume of goods. May I remark parenthetically that this increase in prices took place in the face of over 80 per cent drop in outstanding under instalment sale contracts? That fact offers an interesting commentary on the relative importance of instalment credit as compared with other inflationary forces at work in our wartime economy. Even after the values are deflated back to the 1939 price level, however, there remains a total of 40 billion dollars, representing an increase of approximately 5 billion dollars or more than 14 per cent over 1939. In other words, during 1940 and 1941 consumers in this country built up so large an increase in their stock of durable and semidurable goods that they could go through the first year of our direct participation in the war and still have on hand a larger physical volume than they had had in 1939.

**Changes in Investment Between  
1939 and 1942**

Other figures in our computations indicate that the composition of the investment changed substantially between 1939 and 1942. Taken in stable prices, consumers' holdings of automobiles, tires and tubes, increased steadily through 1941, then fell off in 1942 sharply enough to leave a net decline for the four-year period. There was also a small decrease in consumers' holdings of pianos and other musical instruments, in each of the four years. The increase in holdings of all other items was so large, however, as to more than offset these decreases.

One reason why we are anxious to get 1943 figures is to see whether reduction in the output and sale of consumer durables even in that year were sufficient to carry the over-all investment of consumers lower than it was the year before. We should like to know whether the wasting away of "consumer capital" by wear and tear and the normal losses incident to its use finally became greater than the inflow of new production. Of course, as regards the heavy durables, that situation had already developed by late 1942, and these aggregate figures should not bind us to the fact that in this important part of our economy we have been living on our capital for more than two years. What we do not know is whether the situation has prevailed recently in the smaller durables and semidurables.

Even in these days when we are beginning to talk about war costs in terms of trillions of dollars, 35 or 40 or 50 billion dollars represent a very large sum. We cannot really appreciate how large it is unless we compare it with other measure of this country's resources and production. For example, it would be interesting

to know what percentage of the country's total wealth is represented by these consumer investments in durables and semidurables. For this purpose we have available only the crudest of estimates. These indicate that in the 1930's our national wealth amounted to approximately 350 billion dollars taken at 1939 prices. If our estimate for 1939 is used for purposes of comparison, this would mean that approximately one-tenth of all this country's wealth is in the form of consumer durables held by consumers for their own use. Put another way, this means that maintenance of this country's living standards at the level they reached in the late 1930's depended upon having approximately one in every ten dollars of the country's accumulated wealth in a form where its very existence is too often forgotten because it has passed out of the market.

#### A Comparison of Data

It also is instructive to compare this consumer investment in what I have called "consumer plant and equipment" with the country's investment in industrial plant and equipment. Again we have only crude data available. They assign a value of approximately 104 billion dollars as of the middle 1930's to all the plant and equipment (land value being excluded) in the country's manufacturing and distributing enterprises. The consumers' investment in durables and semidurables was about one-third as large.

For a more meaningful comparison we must add the value of the housing occupied by consumers. If we take a 1935 estimate of 50 billion dollars made by the National Resources Committee as a fair valuation of the country's residential buildings in 1939 (after deducting the value of the land on which they stand) our total "consumer capital" rises to somewhere around 85 billion dollars at 1939 price levels. This means that in the middle 1930's the American standard of living depended upon an investment in "plant and equipment" at the consumers' level fully four-fifths as large as that in our business enterprises. Even if we add in the plant and equipment held by agriculture and government, the consumers' investment is more than three-fifths as large as that in what we sometimes call the "productive" segments of our economy.

One other comparison will be of interest. In 1939 consumption expenditures for consumers' durables and semidurables totalled 16 billion dollars. In 1942, measured in current prices, these expenditures totalled 19.5 billion dollars. If these two years are reasonably typical, the consumers' stock of these goods in use thus represents somewhere around two and one-half years' purchase. If durables alone are counted, the 1939 investment represented nearly four years' purchase and the 1942 investment more than five years' purchase of the goods in question.

It is evident then, that these consumer holdings represent a very substantial element in our economic life. We have tried to estimate conservatively. Whenever we have had to choose between a larger and a smaller figure we have ordinarily taken the smaller. It is quite probable that the actual figures if we could measure them more accurately, would be somewhat

higher. Nevertheless, the totals as they stand are large when compared with other measures of our economic organization and its parts. Their significance in our consideration of postwar problems lies, however, not in their size alone so much as in its indication of the dimensions of some problems we face.

For example, much has been said about the size of the national output we must have after this war if we are to keep our laboring force fully employed. Some months ago the *Federal Reserve Bulletin* carried such an estimate by two members of the Federal Reserve Board's research staff that will serve our purpose here. These authors point out that the national gross product of the American economy in 1943 came very close to 200 billion dollars. They believe the total can be permitted to drop to 150 billion during a year or so of transition but must promptly be brought back up to 170 billion if the number of our unemployed is to be kept from rising about 2 million. All these dollar sums are in 1945 prices. They are not, I wish to emphasize, predictions by me or anyone else as to what is going to happen. They are intended only to show the dimensions of the problems with which we are struggling.

It is against this background that business and government must work out their policies for the postwar development and control of instalment buying. Standing by themselves or measured against their own past, the 4.1 billion dollars of outstandings reached by instalment sale credit at their peak in August, 1941, may seem very large. When compared with the consumer capital they must help to build up after the war, they may seem very small. Even the huge accumulations of consumer spending power about which we have heard so much lately shrink a bit when placed against this background. When you count out of these so-called "liquid assets" what has already been offset by price inflation, the amounts that will be spent on housing if they are spent for consumers' goods at all, and the amounts that will not be spent quickly because they have been acquired as permanent savings, or to pay some specific large planned future expenditure or as a protection against an indefinite rainy day—when all this has been counted out, what is left is not likely to look so phenomenally large as compared with the task of consumer capital formation to be done. It is likely to look even smaller when we remember that this "consumers' capital" not only must be accumulated in the first place but must be maintained thereafter and can be maintained only out of current income.

#### Instalment Credit Post-War

Evidently we shall have to do some new thinking about instalment credit and its place in the postwar world. It is not enough for Government to set up controls designed to prevent wild inflation or to narrow the swings of the business cycle. It is not enough for business to hold to credit terms which are "sound" because they lead to small losses even with "soft" collections. There is a positive job to be done in helping to accumulate and maintain the "consumer plant and equipment" necessary for high levels of living. Credit policies that overlook this task are not likely to be acceptable for very long to the American people.

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# America's Credit Rating

O. C. Carmichael\*

Chancellor of Vanderbilt University  
Nashville, Tennessee

THE SUBJECT, "America's Credit Rating," may be misleading. It is not intended to refer to the national debt or the consequences of mounting billions on the debit side of the ledger of the national treasury. Neither does it refer to America's standing economically as compared with other nations. Of much more importance is America's standing in the mind of the average American. A credit rating represents faith in the future of the individual rated. What is your faith and mine, that of the average citizen, in the future of America? The answer to that question is as important as all post-war plans put together, for it will determine the spirit and outlook with which we shall approach post-war problems.

Some claimed during the '30's that since there were no more geographical frontiers to explore American economy had reached its maturity. There were too many industries for the markets; there were too many crops to be sold, so they must be ploughed up; there was too much milk produced in some sections, so it was poured into the gutter; there were too many trained men to find suitable employment, so unemployment had come to stay. The government stepped in to remedy the situation. The NRA, the CWA, the PWA, the WPA, the AAA, et cetera, came into being. The psychology of that period was far from reassuring. How much of it will hang on after the war is over is the important consideration. Have we become so accustomed to the government's coming to the rescue of individuals, communities, and states that we shall expect it to continue into the post-war period, or will the self-reliant spirit of former days reassert itself? Shall we seek to solve the unemployment problem by expansion of private enterprise, or shall we call for public works programs at the first sign of surplus manpower? Shall we assume that the American economy has reached the limits of its growth since there are no new lands to settle? Our answers to these questions are profoundly important.

Let's examine the bases of faith in our future. Too much emphasis on our problems may blind us to the brighter aspects of the situation. For that reason it is well to turn the picture over to see what the other side may reveal. What is the likelihood of prosperity in the next decade?

First of all there is a huge demand for goods and services which has been accumulating now for three years. Every conceivable need will be clamoring for

\*An address given at the annual conference of Districts Three and Four, N.R.C.A., Nashville, Tennessee, August 16, 1944.

attention once peace comes. Heavy industry goods, building supplies and equipment, consumers goods of every kind, will be required. The American people will have unprecedented savings with which to purchase the goods and services desired. By the end of 1944 it is estimated that the savings of the American people will be in excess of \$45,000,000,000.00. Institutions, municipalities, counties, and states will have construction programs of vast proportions to provide for. Air conditioning is in its infancy with every prospect of rapid growth. Helicopters, television sets, radar devices for manifold purposes are among the new demands which will swell the requirements for goods and services at home.

Domestic needs will be matched by unprecedented demands from abroad. Devastated Europe will require more than it can pay for, but it will find ways of securing vast quantities of American products. The expansion of Russian economy will doubtless draw heavily on American sources for supplies and equipment. The raising of living standards among the countless millions of the Orient will be a new source of demand for American goods and services. A tremendous expansion of foreign markets seems inevitable if the contacts which America has established around the world during the war are properly exploited.

## *Expansion of American Economy*

America will not only have wider contacts than any other nation through its armed forces that are now on every continent and on most of the important islands of the world, but it will have a greater reservoir of good will to draw upon than any other nation. As the arsenal of democracy through lend-lease, America has all the United Nations to a greater or less degree in her debt. The friendly relations established with most South American nations through the reciprocal trade agreements should be increasingly fruitful.

In addition to all these assets of the future the expanding of international agreements that will facilitate the exchange of goods and services will be especially helpful in the development of foreign trade. It is our belief that American business and industry will have the vision to capitalize on all these favorable factors in the extension of foreign markets and the expansion of American economy.

There is every reason, therefore, to believe in America's future. The arsenal of democracy in war has every right to become the citadel of democracy in peace. If we are wise enough to solve our problems at home and take advantage of our opportunities abroad, one of the brightest chapters in American history is yet to be written. A vital faith in our future is a prerequisite to the fullest success.

# Fuel Concern Installs Visible Skeleton Billing

Mrs. Olive M. Bennett

Credit Manager, George W. Pickering Co., Salem, Mass.

LIKE EVERYBODY ELSE we required speed. We did sales analysis as a part of the billing job, and we wanted to place this work in the department where it rightfully belonged. We had all types of accounts and all kinds of billing dates to consider. We had discounts; we had to know the amount and the proper product against which this discount should be credited, and be able to verify it when the payment was received. Because a budget customer may also purchase another type of fuel on open charge account, it was advisable that these accounts be together, but easily distinguishable, rather than in separate files both for approval and dunning purposes. We wanted to file our suspense accounts in the regular file, but be able to spot them quickly for informational purposes. All of which would relieve our clerks of the necessity for sorting tickets in special breakdowns, and the billers from hunting for accounts among the three breakdowns.

#### Type of Billing Machine Wanted

We wanted a machine that new employees could be taught rapidly with a minimum of errors on the accounts receivable. We wanted to cut down on time spent locating cards for posting; do away with misfiling; decrease the size of our forms; do all dunning not only direct from the ledgers, but recorded on the ledger cards; and eliminate handling paid-up accounts in dunning and trial balances.

McBee Keysort takes care of our sales analysis problem, and even permits with a minimum of effort obtaining a great deal more data than we had previously compiled. And because of time saved through straight alphabetical filing, elimination of breakdowns necessary to get the analysis on the machines, together with the fact that for some time now we have grouped tickets for pricing and posting, the auditing department clerks were able to take over the analysis without additional help.

On May 1, 1944, we installed one class A Sundstrand Accounting Machine, and transferred our ledgers to Visi-record Visible Index ledger cards. Two copies of tickets are routed to the biller; one for permanent posting record and one to be mailed with the customer's bill. Bills are headed on a typewriter and are placed in file just prior to posting, because we do not send statements on first of month unpaid balances. We have always been more or less on cycle billing, sending daily bills, ten-day bills, semi-monthly bills, as well as regular thirty-day

bills, so the problem of ticket storage is not too unwieldy for us, with the exception of industrial accounts where ticket accumulation is very large. Industrial tickets are placed in a separate file, alphabetically by date, and with the exception of tickets used for daily bills, all others are filed in the ledgers at time of posting.

#### Forms Used

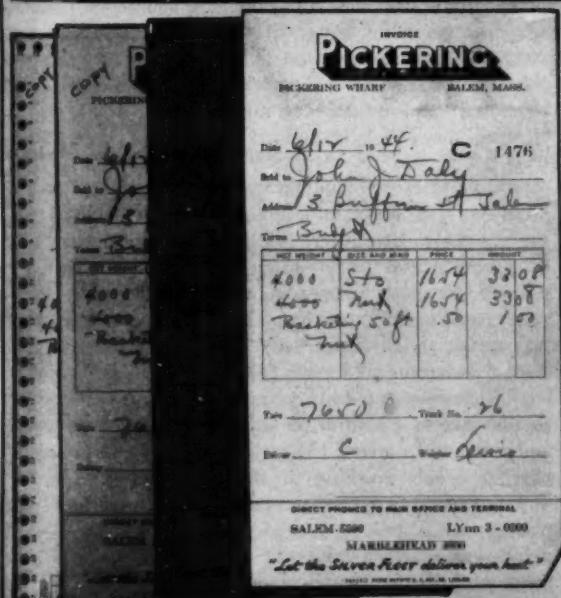
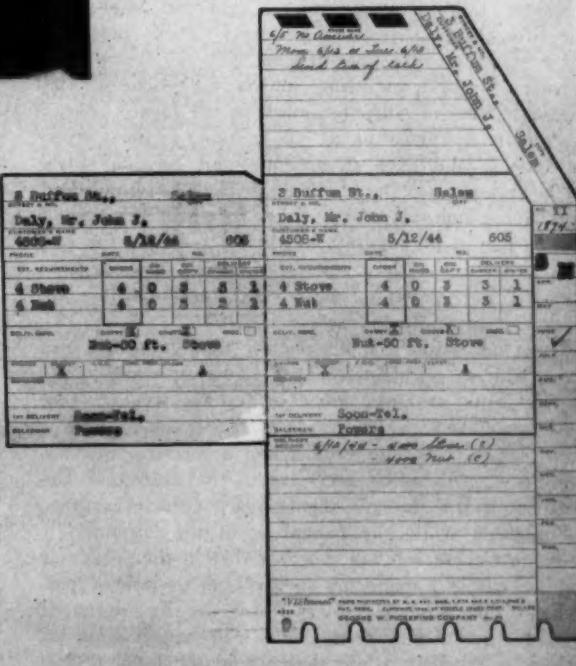
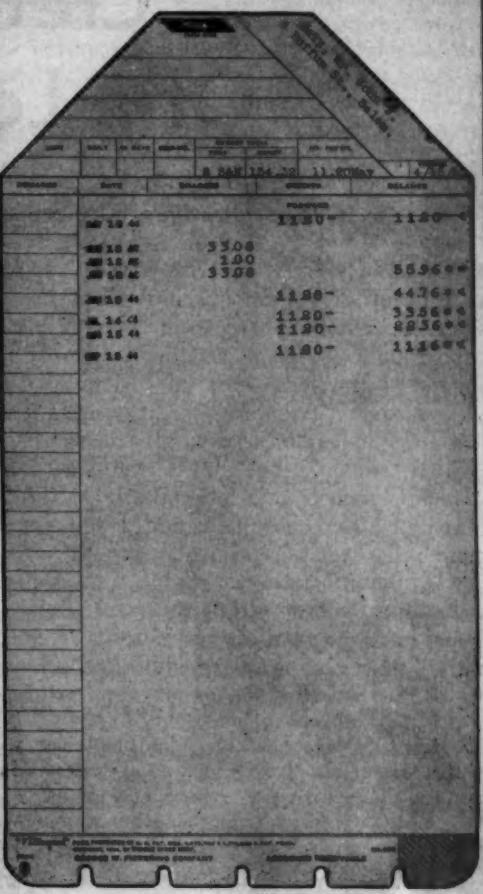
Symbols on the machine indicate the product, and billing is automatic once the old balance, current charge or credit and second pickup of old balance has been entered. The machine returns to posting position with the carriage open for easy removal of bill and card, and insertion of next ledger card and bill. Proof of posting is obtained from comparison of the machine total of current postings spilled just prior to the carriage return to posting position, and the pre-listed total. Any difference indicates either a current posting or a previous balance has been incorrectly recorded. The machine may be converted to straight adding for trial balances, by use of a lever switching off the billing mechanism. Offsetting is unnecessary, as Visi-record cards hold position, and because of visibility the time element in locating cards is negligible.

When bills are sent out, the tonnage is added from the tickets to be sent with the bill, and the discount noted on the bill. On monthly accounts, after the final charges are posted, the industrial file tickets are added and figured, then as the bills are pulled from file, the discount is noted on the bill, and pencilled on the ledger card for future reference. Originally, we did not send tickets to industrial accounts, feeling that their own receiving records and the copy of slip left at time of delivery would be sufficient. But in some instances we found that sending the tickets cut down on inquiries where slips had been misplaced by receiving clerks, and we now send copies to all customers.

#### Advantages of Visible Records

Visi-record ledgers have given us several advantages. There are four removable sections in each master file. One section contains approximately seven hundred accounts. Sections may be placed in a Porta-tray for easy handling by dunning clerks, and the billing process is not delayed, because only a small number of accounts are out of file at one time. All open balances are quickly spotted. There is no fumbling around to locate an account if the charge ticket carries the incorrect initials, because a bank of up to twenty accounts is open.

(Turn to "Skeleton Billing," page 26)



# Credit Survey Of a Local Hospital

W. B. Morrison

Credit Manager, The Stetson Shoe Co. Inc., South Weymouth, Mass.

SOMETIMES AGO, I was asked to make a survey of a local hospital which had a considerable amount of accounts receivable. For background, I did not attempt to simply make a survey of the local hospital. Coming out of a shoe factory (extending credit to retail stores), I knew the commercial approach would be all right to a degree, but that it would need at least some approach from a hospital angle. Therefore, I visited a few hospitals, and I can assure you these visits were of particular benefit. The survey led me into a mass of things, such as admitting procedures, office follow-ups, automobile accidents, emergency cases, out-patients, X-Ray, discharge practices, so-called collection efforts, etc.

## Weak Admitting Procedure

A lack of privacy in the admitting office was one of the first things I noticed. As a Credit Manager, it seems to me that you cannot hope to get the full story from the patient with nurses running around everywhere, people coming and going, etc. In such surroundings it cannot be expected that people will tell you what they have in the way of money, what they do with it, and what they can do for you. First impressions, that is, people coming into the hospital for the first time, are most important. There should be some place to take the patient that is pleasant and private. If the admitting job is well done it will eliminate a lot of collection effort in the future.

Patients do not want to tell anything. They expect to come in and have an appendectomy because of the \$5.00 they gave to the Community Fund. I think here you have a question of education to teach these people that if they walk into a retail store to buy a fur coat they either pay cash or establish credit. Anyone who does not pay a hospital in advance, or "weekly-in-advance," is certainly asking for credit.

Upon admission, the interviewer should ask for full name, address, telephone number, names of relatives and friends, bank accounts, home ownership, whether they move often, and employment. If they work in a large plant, obtain the badge number and department number. All this information is necessary to the Collection Department if the accounts should reach there eventually.

Follow-up while the patient is in the hospital! I found that there was not much of that in the particular hospital where I made my survey, due to lack of personnel. This was the primary reason for the substantial amount of accounts receivable. The appreciation of patients is excellent while they are in the hospital, but there is a dwindling of this after they have left the

hospital. If the patient can pay, the time to get the money is while he is in the hospital. Talk with the mother, father, husband, or other relatives. After being discharged there is no interest in the hospital. You cannot take something away from them, like a radio or a washing machine. Follow-up takes the time of a capable individual. It takes tact and time to follow the patient who makes promises that are not made good.

The particular hospital which I surveyed is on a main highway and there is no other hospital in the general vicinity. Accident cases from all around are brought there. Without realizing it, the management drifted into a lax policy regarding accident cases. I became very much involved with public welfare, settlements, etc. As a businessman it does seem to me that the hospital should consider the fact that they are giving service to the patient and not to an insurance company or an attorney. The patient is legally responsible, although he did not ask to be brought to that hospital. Under Chapter 117, of General Laws, Section 24, you can report to the Board of Public Welfare, with or without the patient's permission. If the insurance company does not pay, the Welfare Department will. If the case is being paid for by the State, \$4.00 a day is the flat rate, with no extras. If you await court action through an attorney, it will take from six months to four years to obtain settlement, and no hospital can afford to wait that long.

I believe that some hospitals use their town welfare departments as a subsidiary collection department. That is all right, but I wonder if you are being fair with the taxpayers in your town when you use the welfare to collect bills that you can collect yourself, if you will but try. You must make up your mind, however, that there will be some that cannot pay.

## An Unprofitable Method

Out-patients and ambulance calls ranged in amounts from \$1.00 to \$5.00 and I discovered the hospital sending out ten to fifteen letters on a \$1.00 claim at 2¢ each (the rate is now 3¢). There is no profit in that procedure. Even sending up to three, four or five letters, your costs are astounding. Furthermore, the hospital was trying to collect on very little information, usually only a name and address. Seldom was the name of the employer given. This condition is the result of carelessness due to a rush in the admitting office, lack of help and time, and particularly, a lack of appreciation on the part of people working in this department, as to the importance of these small amounts. Such amounts, when placed with a collection agency, are usually collected at a 50% rate, which will give you some idea of the expense of collecting small amounts.

X-Ray and laboratory test charges are known in advance.

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The doctors know what the charges are, and are just a little careless about telling the patients. Few patients have any warning about X-Ray charges and laboratory tests. The personnel of these departments can be taught, if you will have a meeting with them, point out the importance of your problem, win their cooperation and get them to see that amounts are paid in advance. Get the doctors to work with you by telling the patient in advance how much the charge will be.

Nurses and technicians are doing a fine job, but they are not interested in the business interests of the hospital. They are interested in making people well. That is fine, but they must be taught to appreciate the importance of the financial problem.

Discharge procedures are handled in a variety of ways by different hospitals. This problem must be solved by each hospital, taking into consideration the personnel in charge. It is very important that the person making the discharge should have full knowledge of, and be familiar with, everything that has previously been accomplished on that account. Unless you know what has been done on admission, what has been done while the patient is in the house, you cannot do a good job on discharges.

A great deal of partial payment work is being done in hospitals. One hospital had a time-payment system, which is all right, but I wonder if it is realized that an effective and efficient collection follow-up system is very expensive to operate. How many hospitals are set up to manage systems that assure promised payments? It is difficult to operate that kind of a collection follow-up under today's conditions, unless you are more fortunate with the personnel problem than this particular hospital. The employee who knows anything about collecting is not easy to obtain. Collections are a specialized field. Again, I come back to that old remark, "Appreciation which fades with the passing of time." When partial payments begin to get a little burdensome, the patient may begin to say, "What did I get for it?" He does not see anything tangible. Why not refer patients to local banks? Most of them have personal loan departments, and there are in practically every city, loan agencies that are equipped to take care of that type of loan. If these agencies won't make a loan, the hospital is certainly "asking for it," if it does. You may, in some instances, be forced to accept partial payments, but you have an opportunity to try to sell people the idea of paying their bills in one lump sum, and get away from partial payments, as they are expensive to handle.

#### **Individually Typed Letters Effective**

Letters must be written, because if you do not write, they just do not pay. Personally, I do not like printed or mimeographed letters. Individually typed letters are far more effective. I have proved this to my own satisfaction over a period of time in handling retail collections. Form letters are not nearly so effective as individually typed letters.

I found a large number of accounts that were old, and owed large amounts. On a good many of these accounts I obtained credit reports, and with the information I wrote letters, telling these people, frankly, just what the credit report said. There was one in particular, three years old, with a balance of \$90.00, no payments had

been made and no attention paid to any correspondence. I obtained a credit report, which showed the individual had a two-family house with a rental income, worked in a shoe factory and earned \$40.00 a week; his children were married. I wrote him that we had a bill of \$90.00 that was three years old; that he worked in such and such a place, and had such an income, bank, etc. In six or seven days the account was paid by a young man who came in with the letter. He said, "You surely pinned the old man on that one."

The Collection Department of this hospital is a member of both our local bureau and the Boston Credit Bureau. We have used the letters that these bureaus furnish. All bureaus have some sort of a collection letter system where you can buy letters for a very small cost.

#### **Cost of Collection Letters**

Since I have taken over the collection system we wiped off the books something like 75 or 80 accounts in our first attempt. The cost of these letters, in relation to the amount collected, is less than 8%. You cannot do much better by writing your own letters. These letters do not go out until some effort has been made by the hospital. Right now we are taking the small accounts from \$1.00 to \$5.00 and sending bills. Then we send statements. The third step is to send a very nice letter, asking if there is anything wrong, and urging them to come in to see us if there is any adjustment. The next letter goes out from the credit bureau in Boston.

Many of the patients call up the superintendent, trustees, etc. Then I receive a call from the hospital officials. I point out to them that even after the receipt of three notices, the debtor did not pay, therefore the bureau letter was justified.

How about the Small Claims Court? Our hospital is using the Small Claims Court. In one instance, we sent out eight notices that the claims had been entered in the Small Claims Court. Four were paid in full within three days. Four cases went to the Small Claims Court. No one answered when the cases came up. Upon leaving the courtroom three defendants came up to me and asked what they should do about it. I said, "You should have done something about it before it reached court. Now we have a default judgment, and unless you pay immediately, we will attach your wages." We meant it, and I want to impress upon you that if you threaten to attach wages, *attach them*. If you do not, you may as well charge off the account. The debtor feels that he has "bluffed" you. The Small Claims Court must not be used unless you are convinced that the debtor can pay his bill. We have cases in our hospital, mostly maternity cases, where it is quite clear that the patient cannot pay.

Right now it is more or less easy to collect, but wait until the patients start buying automobiles, radios, washing machines, vacuum cleaners, etc., if you think it is tough to collect today. It is not tough, it is comparatively easy.

On large accounts do you follow through with attorney action, or are you afraid of so-called adverse publicity? The same thing is true in the Small Claims Court. Recently the Cambridge City Hospital had 250 cases in court, and saw to it that all the Boston papers carried

(Turn to "Hospital Survey," page 30.)

# What Effects Do Charge Accounts Have On Department Store Women Shoppers?

(A SURVEY OF 500 PHILADELPHIA WOMEN)\*

## Summary of Findings

1. Charge accounts definitely influence the attitude and behavior of women who hold them.
  - a. They tend to make people buy at the particular store; in fact possession of a charge account increases the chances almost fivefold that the holder will purchase there.
  - b. Conversion percentage (proportion of those entering a store who bought there) is higher among those having charge accounts at store than those having no account there.
  - c. They tend to make people buy more at the particular store than they do at other stores.
  - d. They tend to make people enter that store first.
  - e. They tend to make people enter that store rather than other stores.
  - f. They tend to make the person more favorable towards the store.
  - g. They tend to get the person to make unexpected purchases.
  - h. They tend to get the person to buy better merchandise.
2. People have charge accounts because of the convenience it brings.
  - a. One-third mention the ease of an unexpected purchase.
  - b. Some 30% mention the advantage of not having to carry cash.
  - c. 30% say they like the deferred bill.
  - d. Some 20% say that it makes for easier returns or exchanges.
3. Solicited accounts make people more favorable towards the store concerned.
  - a. For three different questions that were analyzed—favorite store, store named for most spending, and use of account regularly—the holders of solicited accounts were found more favorable than non-holders.

\*THIS IS A condensation of a survey made by A. J. Wood & Company, 117 South Broad Street, Philadelphia 7, Pa., one of the country's outstanding companies for promoting charge accounts. For the past eight years they have done considerable consumer and opinion research for department stores. Members may obtain a complete copy of the survey, without charge, by writing direct to the Wood Company.

4. Here are the steps a woman shopper takes on a shopping trip:
  - a. First of all, the average woman shopper in Philadelphia goes downtown once in every two weeks.
  - b. Before she leaves, chances are 50-50 she'll have an idea as to how much she will spend.
  - c. Her shopping trip is likely to be in the afternoon.
  - d. Chances are about three to one that she'll pay cash rather than charge it.
  - e. There's a 50-50 chance that the woman with a planned purchase will spend more than she planned.

## Discussion of Results

QUESTION 1. About how long ago did you last go shopping in "downtown Philadelphia"?

This question was asked of all 500 women, primarily as an "ice breaker," rather than for an immediate value regarding the purposes of this study. Answers follow:

Replies	%
Less than 1 week	32%
With 2 weeks	20%
Within 1 month	23%
Over one month	25%

Although the proportion of recent shoppers looks high, it must be remembered that part of the field-work on this study was conducted during the Christmas season, when the number of shoppers can be expected to be well above average,

	Shopped within week	Within two weeks	Within one month	Over one month
	%	%	%	%
Upper 40%	59	55	34	22
Middle 40 %	38	40	54	67
Lower 20%	3	5	12	11
	100	100	100	100

The table demonstrates that a greater proportion of the higher standard of living women are found among more recent shoppers.

QUESTION 1a. Did you shop in the morning, afternoon or evening?

Also an "ice breaker," this was asked of the 500 women. Results are shown in the following table:

Replies	%
Morning	29
Afternoon	55
Evening	23

Once again it must be remembered that this was close to the Christmas season, when the department stores were open many evenings in the week. Thus the proportion of evening shoppers may be abnormally high.

The time when the proportion of each nationality group, age group, living standard and marital group, is mostly likely to be found shopping is shown below:

	Morning %	Afternoon %	Evening %
Native white -----	70	75	80
Foreign-born white -----	16	10	6
Negro and other -----	14	15	14
	100	100	100
17-19 -----	5	7	12
20-29 -----	22	28	39
30-39 -----	32	29	27
40-54 -----	41	36	22
	100	100	100
Upper 40% -----	43	50	37
Middle 40% -----	46	43	57
Lower 20% -----	11	7	6
	100	100	100
Single -----	13	19	32
Married -----	76	73	62
Other -----	11	8	6
	100	100	100

The highest proportion of native whites, women under 40, the middle 40%, and single women can be found in evening. For afternoon it is Negro and other (by a slight margin), the upper 40%. For morning it is foreign-born whites, women 40 and over, the lower 20%, and married women.

**QUESTION 2a.** Why (is this your favorite department store)?

This was asked of the 361 women who named a favorite.

Replies	%
Like quality of merchandise-----	26
Like selection of merchandise-----	26
Like their prices-----	20
Like the personnel-----	12
Habit, am satisfied there-----	13

Of course, there were other reasons named, but these above were the more important ones.

**QUESTION 3.** Before you went shopping did you go downtown with the idea of spending a certain amount of money for a particular article?

This was asked of all 500 women; 48% replied "yes."

**QUESTION 3a.** Did you spend more than you planned?

This was asked of the 229 women who replied in Question 3 that they started out with a definite amount of money in mind for certain articles. 35% of this group spent more than they planned.

It is possible to combine the results of Questions 3 and 3a as follows:

Replies	%
Spent more than planned -----	21
Spent amount planned-----	27
Didn't start with a planned amount-----	52

**QUESTION 4.** Before you went shopping did you take along what you thought would be enough cash for what you expected to buy?

This question was put to all 500 women.

Replies	%
Yes -----	67
No -----	27
No answer -----	1
Haven't shopped for one year-----	5

When those who said "no" were asked why, 115 of the 136 (85%) said that they planned to use a charge account.

4% of the 500 stated that they took along enough cash, and then made a charge purchase (Q.4a.), (This is 9% of charge account holders). In Question 4b, 19 of these 21 (90%) said they used the account because of an unexpected purchase.

A breakdown of the proportion of people having various numbers of accounts is next shown.

Number of Accounts	%
0 -----	56
1 -----	16
2 -----	9
3 -----	4
4 -----	5
5 -----	3
6 -----	3
7 -----	2
8 or more -----	3

**QUESTION 6.** Did you apply for this account, or did someone solicit you for it?

This was asked about each account the woman admitted having. The question was inserted in an effort to measure the effect of a solicited account against that of an applied account, and later analysis will show the results. For the moment we mention only accounts for one store, of which 49% were applied, 18% solicited, and 33% unknown.

**QUESTION 7.** What are the specific advantages of a charge account to you?

This question was asked of the 222 people having charge accounts. 35% named "unexpected purchase," 29% stated that they didn't have to carry cash, 30% named a deferred bill, and 19% mentioned that exchanges and returns were easier to make.

**QUESTION 8.** Do you at times make an unexpected purchase because you can "charge it"?

This was asked of the 222 women having charge accounts. 67% replied that they did. This is 30% of the 500 women.

**QUESTION 9.** At times do you buy better merchandise than you had planned because you can "charge it"?

This was asked of the 222 women with charge accounts, and 46% replied "yes." In terms of all 500, this is 20%.

### The Influence of Charge Accounts

By use of Question 6, it was possible to separate the answers of those who had charge accounts at particular stores from those who did not. This has been done for a number of the questions, and the results are shown and discussed at this point.

**QUESTION 1b.** At this time which department store did you enter first?

Store	% Having Account There Who First Entered Same	% Not Having Account There Who First Entered that Store	% Having no Accounts Who First Entered that Store
A	45	9	13
B	33	7	7
C	29	4	16
D	16	5	18
E	11	6	9
F	7	1	2
G	—	—	6

This analysis leaves little question about the influence of a charge account upon which store is visited first.

**QUESTION 1c.** Which other department stores did you enter?

Store	% Having Acct. There Who Later Entered Same	% Not Having Acct. There Who Later Entered It	% Having No Accts. Who Later Entered It
A	44	21	29
B	32	10	9
C	31	13	19
D	27	19	24
E	27	4	7
F	26	13	22
G	21	3	7

And then, of course, the results of Questions 1b and 1c can be combined for analysis.

Store	% Having Acct. There Who Entered It	% Not Having Account There Who Entered It	% Having No Accts. Who Entered It
A	77	19	22
B	60	26	31
C	60	26	47
D	55	17	38
E	42	19	28
F	34	5	9
G	21	3	13

This analysis shows the influence of charge account on the stores the person visits.

**QUESTION 2.** Which is your favorite department store?

Store	% Having Acct. There Who Name It As Favorite	% Not Having Acct. There Who Name It As Favorite	% Having No Accts. Who Name It As Favorite
A	47	7	11
B	27	9	14
C	23	2	19
D	20	1	17
E	13	1	6
F	17	—	3
G	—	1	4

**QUESTION 4a.** Did you make any purchases in any of the department stores you visited?

Store	% Having Acct. There Who Purchased at Store	% Not Having Acct. There Who Purchased at Store	% Having No Accts. Who Purchased at Store
A	58	12	14
B	45	9	24
C	44	13	17
D	45	11	26
E	25	6	16
F	23	2	3
G	7	—	5

As usual, there is no doubt that a charge account plays a role in determining behavior—the possession of a charge account means that the woman is more likely to buy at that store than she is at another store.

**QUESTION 4a.** Did you make any purchases in any of the stores you visited?

When the results to this question are considered in relation to the number of people entering each store, a "conversion" percentage is obtained. This conversion percentage can be computed among three groups of people—those having accounts in the store, those having accounts only in other stores, and those having no accounts at all.

	CONVERSION PERCENTAGES (Proportion of People Entering Store Who Bought There)		
	Have Acct.	Have Acct.	Have No Accts.
	There	Elsewhere	
Store A	75	56	54
Store B	77	60	61
Store C	82	47	64
Store D	75	41	56
Store E	60	40	54

**QUESTION 5.** Within the past year in what department store have you done most of your spending?

Store	% Having Acct. There Who Spent Most There	% Not Having Acct. There Who Spent Most There	% Having No Acct. Who Spent Most There
A	49	6	14
B	49	5	10
C	38	2	18
D	36	1	19
E	26	—	9
F	13	—	3
G	0	1	5

So once again, except in the case of Store G (where there is a small number of cases in the analysis) it is clear that possession of the charge account of a particular store influences the holder to buy there.

**QUESTION 7.** What are the specific advantages of a charge account to you? This was asked of the 222 women having accounts.

Replies	%
Unexpected purchase	35
Don't have to carry cash	29
Deferred bills	30
Easier exchange, return	19

**QUESTION 8.** Do you at times make an unexpected purchase because you can "charge it"?

This was asked of the 222 women with charge accounts. 67% replied "yes." This substantiates the 35% figure mentioned in the preceding question. It is not inconsistent with the findings of an earlier question that only few account holders had made unexpected purchases, because, after all, that last time was only one time. In the present question people are having an opportunity to report about ALL past and future shopping trips.

**QUESTION 9.** At times do you buy better merchandise than you had planned because you can "charge it"?

This was asked of the 222 account holders, and 46% replied in the affirmative. So, on occasion, charge accounts do cause a majority of their holders to buy better goods.

*Is a charge account the cause or effect of the person's attitude towards a store?*

Possession of a charge account is the *cause*. This statement can be proved. What should the direction of attitude difference be between *solicited*, *applied* and non-account holders? If the account is the *effect*—then there should be no difference between solicited and applied. If the account be the *cause*, then attitudes of solicited holders should be more favorable than non-holders, but not quite as favorable as those of applied holders.

Store B	Among holders of Applied Accts. Store B	Among holders of Solicited Store B Accts.	Among holders of Other Accts.	Among Those Without Any Acct.
% Naming Store B Favorite	40	17	9	14
% Saying Most Spending at Store B	49	33	6	15
% Saying Use Account Regularly	50	55	—	—

So even on the basis of just three questions, there is ample evidence that the holder of an account is more favorable towards that store because he has the account.

## Hats Off to the Past . . . Coats Off to the Future

R. L. Thornton

President, Mercantile National Bank  
Dallas, Texas

NOWADAYS OUR THOUGHTS turn oftener to contemplation and speculation as to the future. Coming days in the post-war world are of vital concern; and it's pretty easy for us to fall unconsciously into the line of comparative thinking as related to the past. But we sin against this day if we worship the past. We need only to remember the follies of other days. I think it would help a lot if we never lose sight of the fact that if we could return in some fashion to the so-called good old days, we would have to go back to them *as we were* and not *as we are*.

Life and conditions can never be improved by backward comparisons or yearning for the return of the "Good Ol' Days." On the contrary, these thoughts will detract from the progressive line of thinking and endeavors. Advancement is retarded and the mental effort that could have been used effectively for advancement is dissipated or wasted entirely. There's no real point in demoralizing our powers and forces by glorifying the good things of the past to the disadvantage of planning for the opportunities and prospects of the future. This day is a reality and tomorrow is only a few hours away. Thinking and transactions of yesterday are forgotten or have become history, no matter what the consequences may be. It is to the future that we must look for life and all it can bring; and our future is now of more vital importance than ever before in this nation's history.

### Advanced Thinking and Planning

Advanced thinking and planning are the twin keystones of our national greatness. They, along with faith, have made us the greatest country on earth . . . the greatest ever known. And now, in numberless cases, the life and future success or failure of individuals and businesses are being weighed in the balances of decision. We are laying the predicate . . . building the foundation for exactly what we'll reap in years to come. It takes all our *honest thinking, hard work*, and recognition of advantages to secure the course of our future progress. This is no time to ponder or reminisce over what might have been. Rather, this should be recognized as the opportunity and responsibility of our generation to usher in the new era of progress.

A good farmer never sits around waiting for the spring planting season to catch him unawares or unprepared. He knows what he is going to plant, what his facilities will be, and even arranges safeguards against uncertainties of future weather and soil conditions. Allied military leaders didn't wait until D-Day to plan for the future once the beachheads of Normandy had been secured. Even a squirrel knows by instinct there's going to be a future in which he may live, and he does something about it every fall. Plain thinking, combined with hard work and abundant faith, are fundamentals without which progress becomes simply a matter of

## Pittsburgh Credit Activities

THE RETAIL CREDIT Men's Association of Pittsburgh, realizing that education and helpful service are the chief cornerstones upon which to build for post-war credit granting, have embraced a broad program of activities. These are outlined here for the benefit of other Local Associations who are alert to new ideas for the betterment of the credit structure as a whole.

**Radio Publicity.** It was agreed that now is the time to renew the radio publicity program begun several years ago to promote prompt payment of accounts. Spot announcements are made on two Pittsburgh radio stations. The Chairman of this Committee, H. E. Wilson, Credit Manager and Director of Gimbel's, solicited and received special donations to pay for the announcements.

**New Members.** Special letters to 800 former members are being sent by Col. Blackstone, President, inviting these credit granters to rejoin the Credit Bureau and Association.

**Retail Credit Observations.** This is a new statistical page prepared by a special committee and sent with the bi-weekly Bulletin of the Credit Bureau. It gives the members a condensed résumé of statistics and other information in which retail merchants and credit executives are interested. Condensations are included from not less than twenty statistical letters, pamphlets, bulletins and other publications.

**Information Wanted.** This is a list which gives warning of sudden changes (without notice) of addresses of debtors, sometimes designated as "skips." It is also coded to include "overbuying" and several other classifications of interest to credit executives, and was successfully operated twenty-five years ago under the title "Unsatisfactory List." It is distributed to members who attend meetings of the Association.

**Credit Letter Correspondence Committee.** Advises members on any phase of credit correspondence.

**Newspaper Publicity.** Under the Chairmanship of A. S. Kerby, Credit Manager, Hardy & Hayes, on the tenth of each month a short advertisement is published in one of the Pittsburgh newspapers calling attention to the due date and the necessity of paying promptly in order to maintain a good credit record.

Any Association Secretary interested in further details should write to the President of the Retail Credit Association of Pittsburgh, Colonel Franklin Blackstone, c/o Frank & Seder, Pittsburgh, Pa.

hit or miss. We must realize that we are making our futures now.

The past is dead and has no resurrection—let there be no mistake about that. We can enjoy its pleasant experiences, associations and joys, but we must temper the thought with the realities of Today which build those of Tomorrow. Every age has its problems, by the solution of which humanity is helped forward. *No steps backward* is the rule of progress in human history. We should take our *hats off* to the past, and our *coats off* to the future. At least . . . THAT'S THE WAY WE SEE IT.

# What Is the Most Important?

## Opinions of Store Executives

The most difficult problem facing the credit granter in 1945 will be in evaluating in terms of the future, the paying ability of the customer. This is a difficult problem now and will become more so in the months to come as we near the termination of the war. The extent of unemployment, the magnitude of shifts in population and the whole question as to what our economy will be after the war is an uncertain one. Even were it possible to reach dependable answers to these questions, there remains the difficult problem of interpreting the answers in terms of the individual customer.—Sewell Avery, Chairman, Montgomery Ward & Co., Chicago, Ill.

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The most important problem confronting the credit granter for 1945 is how long we can expect industry to maintain its present wartime peak production, and the effects the conversion to our normal peacetime economy will have on employment of war workers.—Frank P. Baker, Vice President, The B. R. Baker Co., Toledo, Ohio.

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On the assumption that the war may end in 1945, the most important problem confronting credit departments in retail businesses will be the problem incident to the transition of credit policies. The extension of credit during the war has been artificially controlled through Government regulation. This has simplified, to a great extent, the responsibilities of credit departments. At the termination of the world conflict, these controls, sooner or later, will be removed, even if not immediately; and if not removed, they may be adjusted, whereby greater latitude will be given, to those who grant credit, than is the case now. Under such conditions, those men and women who grant credit in these departments will again have to exercise greater judgment, and analyze more closely individuals seeking an extension of credit. As has always been the case, if extension of credit is promiscuously given, it will result in a piling up of frozen credits, which cannot be collected, but which will subsequently have to be charged off to profit and loss. Conversely, a credit policy which is penurious, will drive away potential business whereby volume can be stimulated. Particularly will this be so, insofar as the extension of credit to many millions of returning servicemen is concerned—great numbers of whom have taken, or will take, unto themselves wives, and set up a home. It is the obligation of all retailers to give the maximum consideration to these men who have defended our homeland, and take into full account the moral picture, where a strong financial picture may not be presented due to long service in the armed forces.—Sidney R. Baer, Vice-President and Treasurer, Stix, Baer and Fuller Co., St. Louis, Mo.

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The most important problem confronting the credit granter for 1945 is control of accounts that have been put on the books during this time that would not ordinarily be granted credit—those that have proved satisfactory during this period who will not have the income they have now when war industries close down.—P. H. Carr, President, Carr, Dolan & Hahn, Inc., Minneapolis, Minn.

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I cannot see very much difference in the problems of credit in 1945 and 1944. There is one important matter that deserves the attention of the credit granter and that is for the stores operating in war towns where there has been a great influx of transient workers. It is natural to presume that these workers will leave these towns as soon as the war ends and a great many will forget to notify creditors of their forwarding addresses. Regulation W will no doubt stay in force in 1945 or at least 6 months after the war in Europe which will assist the credit manager in holding down his losses. I am, however, a firm believer in doing away with regulation W as soon as possible after the European war so that manufactured articles will get into the homes, thereby causing the wheels of industry to turn faster.—Alvin J. Blum, President, Bams, Richmond, Va.

Partial transition from a war to peace footing created by curtailment of war material contracts resulting in shifting of masses of people to greener fields with consequential unemployment, regardless of how well rehabilitation of civilian business is planned, will present one of the most important problems to the credit granters in 1945.—H. J. Craddock, President, Aluminum Goods Limited, Toronto, Canada; President, Credit Granters Association of Canada.

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To maintain high collection percentages on open thirty-day charge accounts; to convince the consuming public that they should respect their obligations and pay promptly, not because of Regulation W, but because it will enable stores to pass on the savings in costs to their customers in better values.—Henry M. Doll, Secretary, Desmond's, Los Angeles, Calif.

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The continued education of the public in regard to the prompt payment of accounts as is now required by Regulation W so that when, and if, this regulation is removed there will be less resistance to a sound credit policy on much shorter terms than was the custom before Regulation W became effective.—Chas. E. Evans, Asst. Secretary-Treasurer, The Aug. W. Smith Co., Spartanburg, S. C.

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If Government restrictions are not lifted we do not anticipate any particular credit problems during the year.—Harry E. Fontius, President, The Fontius Shoe Co., Denver, Colo.

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One of the most important questions facing the credit man in 1945 will be the reevaluation of certain charge accounts; namely, the curtailed production worker, the returned serviceman, and possibly the civil service employee returning to normal jobs with somewhat less compensation.—Sam L. Good, L. S. Good & Co., Wheeling, W. Va.

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It appears now that the most important credit problem for 1945 would be to get people to buy on credit. This sounds strange but it is true and as long as we have Regulation W and scarcity of merchandise credit sales will apparently decrease. There may be some communities affected particularly by credit problems due to reconversion and shifting of labor but, in the main, now and in the immediate future, people are just not using their accounts. Of course, during the latter part of 1945, the picture may change.—W. A. Green, Jr., President, W. A. Green Co., Dallas, Texas.

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The vital necessity of full cooperation with the local credit bureau, placing on file credit information so as to be in a position to capitalize on this information in the post-war period, is, in my opinion, the most important credit problem confronting the credit granter for 1945. The danger existing today is the falling off in the use of reports owing to large down payments and short terms in accordance with Government Regulations.—J. A. Hendry, Secretary, Jas. A. Ogilvy's Limited, Montreal, Canada.

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There are two problems of almost equal importance confronting the credit granter during 1945. The first is the problem of preventing overextension of credit to those persons whose personal prosperity is due to the war and who are likely to go back to a much smaller income when the war is over. This will require more careful scrutiny of charge accounts in the coming year. The second problem is that of giving unqualified support to the conscientious observance of Regulation W. It is of the utmost importance that the regulation of credit along with those of inventories, prices and wages, continue until supply catches up with demand, if we are to avoid dangerous and disastrous inflation after the war.—Jay Iglauber, Vice-President-Treasurer, The Halle Bros. Co., Cleveland, Ohio.

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The most important credit problem for 1945 is to encourage a greater number of people, who are likely to become permanent residents of the commu-

# Credit Problem for 1945?

nity wherein they are situated, to establish credit accounts instead of paying cash.—Arthur L. Kramer, President, A. Harris & Co., Dallas, Texas.

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The most important problem confronting the credit grantor in 1945 is the proper evaluation of credit risks. The war prosperity has created a new class of spenders. It has been easy come and easy go, and our credit policies have enabled us to extend our lines to many whom we would not previously have considered worthy of credit. Some time soon will come V.E.-Day and a partial reconversion. Those whose income has skyrocketed will have a sad disillusionment. Not enough of them have laid by funds for the proverbial rainy day. Regulation W has been a blessing in disguise to many of us because it prevented too large an expansion of credit to the recipients of this mushroom prosperity. Credit men must now beware that they do not have on their books too many risks who will have drastic reductions in their incomes.—Ernest Katz, Retail Consultant, New York, N. Y.

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We do not look for unusual credit problems in 1945 unless there is considerable unemployment brought about by the shutdown of war plants. Collections from employees laid off would doubtless prove to be very difficult.—Fred M. Lee, General Manager, John Taylor Dry Goods Co., Kansas City, Mo.

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Present-day conditions impose a new problem on the credit executive. This problem is to resist a feeling of complacency. Today's credit granting is too easy, and the credit man must realize the necessity for future planning more than ever before. There must be unity among credit executives in thought, word, and deed. 1945 can very well be a year for planning and perfecting real, workable, community credit policies.—Eric Marsden, General Manager, Sterling Food Markets Ltd., Vancouver, B. C., Canada.

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The retail credit grantor has many important problems facing him in 1945. It seems to me that one of the most important is the proper control of the accounts of war workers. We, of course, want to be extremely fair to them but recognition of the danger of the extension of credit on the basis of present earning power without consideration of earning power prior to war prosperity is extremely important.—F. M. Mayfield, President, Scruggs-Vandervoort-Barney, Inc., St. Louis, Mo.

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The most important credit problem confronting the credit grantor in 1945 is the planning of a sane and sound adjustment of his credit policies which will become effective at such time as present restrictions may be lifted.—Hughston M. McBain, President, Marshall Field & Co., Chicago, Ill.

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The proper evaluation of the trend of employment for the vast numbers of workers in defense centers, as it effects those who are credit purchasers in these centers and elsewhere; having in mind that conversion to peacetime manufacture on a limited scale is almost a certainty for 1945, is, in my opinion, a "must" of the credit grantor. I might add that this seems to be the opinion of many of my associates and although the wording may be slightly different, the facts remain.—Joseph H. Riggs, Vice President, Florida National Bank, Jacksonville, Fla.; President, National Retail Credit Association.

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Regulation W is unquestionably the most important problem to be considered in the credit field. The best interests of our entire economy will be served by outright repeal of Regulation W just as soon as there is an adequate supply of consumer goods. Our enormous national debt cannot possibly be supported unless we have an extremely large national income. We cannot have such a national income unless we have employment of practically every one who wishes to work. We cannot have widespread employment unless we have rapid distribution of merchandise. Credit restrictions such as those under Regulation W will have a tendency to retard the ac-

celerated distribution which will be necessary to support our economy in the post-war period. Millions of men discharged from the armed services will want to establish homes. They cannot finance new homes, furnish them and purchase new automobiles in great numbers unless Regulation W is repealed. I have the strongest possible conviction that credit is a personal matter and should be passed upon in each individual case. Some individuals are not entitled to credit as liberal as that which can be given under Regulation W. Others are entitled to much more liberal credit than that permitted by Regulation W. The credit man worthy of the name does not need governmental restrictions on the granting of credit. Any type of business which welcomes governmental regulation of its affairs is following a shortsighted policy. Businessmen who have the inclination and the ability to grant liberal credit should not be restricted in their activities by those who do not have such inclination or ability. To me it is not only presumptuous but unfair for one group of businessmen to urge the government to restrict credit granting by another group interested in developing business through liberal credit.—B. F. McLain, Hart Furniture Co., Dallas, Texas.

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The credit grantor in 1945 will have to realize that the party is about over. He will have to resolve to get back to work, devise ways to get new accounts, hold on to the ones he has, and reactivate those he lost, including the slow babies he brushed aside during the easy money days. Stores will need customers, not shoppers.—H. H. Smit, President, Harris Stores Co., Pittsburgh, Pa.

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A few of the major credit problems as I see them are:

1. Inflationary values in real estate.
2. Relocation and reemployment of war workers following the close of the European phase of the war. This would include replacement and reemployment of the returning veterans.
3. Taking care of the veterans' requirements under the G. I. Bill.—Fred A. White, Vice President, Albuquerque National Trust & Savings Bank, Albuquerque, N. M.

## Opinions of Credit Executives

The most important credit problem for 1945 is that of maintaining an adequate control over the buying and paying habits of those customers who are now receiving an inflated salary. When we change from war to peace, this salary will naturally be deflated and those of us who have not guarded against this will find that we have many accounts on our books that will be uncollectable.—George L. Asbeck, Credit Manager, Rolle, Jewett & Beck, Houston, Texas.

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The most important credit problem confronting credit men for 1945 is that of creating the greatest amount of good will among all customers. The newest classification that has been added to the group of prospects is that of returned servicemen and women who will need a great deal of help in re-establishing themselves in their community, and especially receiving the utmost consideration on the matter of credit accommodations. It should be the duty of every credit grantor to make the necessary investigation to accommodate this class of customer, and thereby add tremendously to the volume of sales for the store. Continued efforts to promote additional business among good prospective customers should be uppermost in the minds of every credit grantor.—Dean Ashby, Credit Manager, M. L. Parker Co., Davenport, Iowa.

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Business is now operating on a highly abnormal wartime basis that has resulted—in industrial areas—in retail credit being granted in ultra-liberal policies, and without the usual requirements of a good credit record, or permanency of either residential or financial responsibility or income. To prove it, Credit Managers should personally analyze all Regular, Budget, Lease (Instalment) accounts that are overdue for at least three months. The great problem of 1945 will be safety

of outstandings and of new credit; to secure prompt payment of all kinds of accounts; to have safer credit control; to know how, when and where to restrict credit granting; and to locate and maintain contact with debtors who move from present addresses. Reduced incomes of war workers, by reason of the retirement to their homes of married women now employed, will be a new problem in both credit granting and collections in 1945. Greater cooperation between Retail Credit Manager and Merchant groups in the National Retail Credit Association should be planned and operated in 1945, for the purpose of preventing losses through removals of transient workers (debtors) from addresses now used in charging merchandise on accounts. Opinions of observers on Regulation W indicate that there may be very little, if any, liberalization of it when the European War ends. By that time, merchants and credit men should arrive at a definite plan, and be in agreement on its eventual continuation with modification, or its rescindment with a return to freedom of competitive terms, or a possible but not probable community credit policies. It is quite a problem to maintain customer good will under Regulation W, and it requires tact, diplomacy and credit skill to do it successfully. The year 1945 will have not only one important credit problem but many.—Franklin Blackstone, Credit Manager, Frank & Seder, Pittsburgh, Pa.

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One of the important credit problems for 1945 will be to learn the best method to help rehabilitate the returning serviceman or woman to civilian life. To assist them to again live the American way and to give them every consideration commensurate with ethical credit policies.—W. G. Cassmeyer, Credit Manager, Merchants Ice & Coal Co., St. Louis, Mo.

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There will not be a credit problem in 1945 that has not been a credit problem during the years now past. Credit Managers can meet and solve their credit problems by using every facility of their Credit Bureaus. A complete credit report will not only be important, but necessary.—W. F. Cawley, Credit Manager, Albert Steiger Co., Springfield, Mass.

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The most important credit problem of 1945 will be that of the correct appraisal of reconversion policies and trends, both national and local. These will directly effect the purchasing power and paying ability of individuals and groups, and will vary with different trade areas.—Esten H. Cook, Credit Manager, The Western Elaterite Roofing Co., Denver, Colo.

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There are three important credit problems confronting the credit grantor for 1945:

(1) The problem of keeping up with the charge customer whose address will be changed because of having moved to a new location; mainly because of the discontinuing of the work in which engaged. Some of these in our opinion are going to be rather difficult to locate and the accounts are going to be hard to collect because of reduced earnings.

(2) We foresee another problem in connection with the returned serviceman or woman, some of whom already owe accounts which were left unpaid when entering the service and who will need additional credit in order to re-establish themselves.

(3) The matter of efficient personnel will likewise prove a real problem.—C. H. Ernest, Credit Manager, Miller and Rhoads, Richmond, Va.

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No definite plans for meeting the problems of the post-war period can be made by credit grantors as long as the future of Regulation W remains uncertain. Retail credit grantors must face this issue early in 1945, and come to a definite decision as to whether or not they want continued Government control of credit. When this decision has been made, retailers will be in a position to plan for the future, and solve the problems which confront them, with a feeling of certainty that their plans will not be scrapped by changes made by the Government.—J. F. Eichelberger, Credit Manager, The Hub, Baltimore, Md.

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The most important credit problems confronting credit grantors for 1945 are a continuation of those of 1944:

1. The re-establishment of old accounts which have converted to a cash basis.
2. The development of new accounts.
3. Sell management the fact that the credit department

will soon resume its function as a main cog in the retail establishment—in some instances, a greatly expanded program (Hard Lines).

4. Endeavor to determine what modifications will be made in Regulation W—post war.

We do not have the war industry problem in our territory; however, we are making plans for the return of war workers and Veterans. This volume is not anticipated before 1946.—Grant H. Hess, Credit Manager, The Falk Mercantile Co., Ltd., Boise, Idaho.

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When the war is ended and our men come home again, when the grinding of munition factories shall cease and a search is made for civilian needs, when unemployment is in our midst, and when skips abound and credit losses mount to a not to be desired percentage, then does the credit man realize that another cycle has turned, that the averages will come out favorably, for each account has been well handled at the time of taking the credit application and having a supporting credit report. The credit man will not take on worry, his chief adversary, but will pass by cheerfully on the other side and so sleep well. Wise is the credit man who follows the resolve, "I will not take myself too seriously." So will the credit man live long in the land of his fathers.—H. W. Hoklas, Credit Manager, Young-Quinlan Co., Minneapolis, Minn.

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The most important credit problem for 1945 is credit granting and collection follow-up. In some cities war plants are starting to reduce their help and this no doubt will accelerate as the year goes on. Persons who are still working at a given time will continue to seek credit, and the problem will be to get the account paid out before that person is affected by a lay off or loss of his present war job. Our policy will be closer credit analysis and closer follow-up to assure full contract payments on due dates. Special attention should be given to quick collection of present delinquent accounts, to collect before a decided decline in employment.—Alex Hunter, Credit Manager, Rudolph Wurlitzer & Co., Chicago, Ill.

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War workers have accustomed themselves to a higher standard of living. They will attempt to continue this unnatural standard on their future reduced incomes. As this will be impossible, they will turn to credit to make up the difference. Total indebtedness, even though current, should be carefully watched.—Sam A. Ivey, Assistant Credit Manager, Pizitz, Birmingham, Ala.

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From what we are told and read about and assume from past experience, there are several important credit problems facing us in 1945, especially in our vicinity. This is chiefly because we are the industrial center of Connecticut and nearly 100% of these industries are in war defense production. Many thousands of people migrated to our city from all over the country. Surely from this point of view you can appreciate why I say there are several important credit problems ahead of us. It is difficult to select just one. When the war plants curtail their production or close down, and a great many small ones will do just that, I feel that the problem will be to locate those who are planning to migrate to other parts or go back home. Will we have the proper facilities to uncover their whereabouts, which after all is most important in the effort to collect? Under Regulation W we have a control to some extent. It may prevent the individual's account from getting too large since they cannot charge to an account which is already "frozen," but this still does not avoid a condition such as explained above. In Bridgeport this is our problem, I believe, insofar as the newcomers in town number approximately 38,000 and maybe more. This includes about one-fifth of the population in the city and surrounding areas.—W. F. Kalaus, Credit Manager, Meigs & Co., Bridgeport, Conn.

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The chief problem confronting the credit grantor in 1945 will no doubt be the prospect of unemployment, due to curtailment of war industries. The credit grantor will want to distinguish between (a) the industrious type of individual with accumulated savings who will aggressively seek another job, and (b) the improvident or drifter type.—I. E. Joseph, General Credit Manager, Sears, Roebuck and Co., Chicago, Ill.

**(To be continued next month.)**

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# National Membership Activities

HARRY F. REID, General Membership Chairman, has announced the personnel of the membership committee (listed below) for the 1944-45 campaign. Letters and articles are being prepared for use of the individual committees and may be secured from the General Chairman. An attempt will be made to contact nearly all credit granters throughout the nation during the next four months. The number of new members secured for the year through November 30, is 788. Membership prizes to be awarded at our 32nd Annual Conference and Credit Sales Forum in Cleveland, May 22-24, 1945, were listed on page 13 of the November CREDIT WORLD. A good New Year resolution—cooperate with your District Committee in making this an all-out successful campaign.

## General Membership Committee

Harry F. Reid, Consumers Power Co., Jackson, Mich. *Chairman*. H. J. Burris, John Taylor D. G. Co., Kansas City, Mo. H. H. Christensen, Citizens National Trust & Savings Bank, Los Angeles, Calif. J. A. H. Dodd, Portland Gas & Coke Co., Portland, Ore. Mrs. Kitty Lofton, *President*, O. W. B. C. of N. A.; Genuine Auto Parts Co., Atlanta, Ga. Charles M. Reed, Retail Credit Men's Association, Denver, Colo.

## Membership Committee Advisors

A. B. Buckeridge, *President*, A.C.B. of A.; Credit Bureau of Greater New York, Inc., New York, N. Y. Carson L. Bard, *Vice President*, A.C.B. of A.; Credit Rating Co., Louisville, Ky. Harold A. Wallace, *General Manager*, A.C.B. of A.; St. Louis, Mo. Floyd E. Miracle, *Chairman*, C.S.D., A.C.B. of A.; Casper Credit Exchange, Casper, Wyo. Elmer A. Uffman, *Executive Secretary*, Collection Service Division, A.C.B. of A., St. Louis, Mo.

## Membership Committee Publicity Advisors

R. M. Severa, R. H. Macy & Co., New York, N. Y. J. E. R. Chilton, Jr., Merchants Retail Credit Assn., Dallas, Texas. Lloyd B. Ferrell, Southwest National Bank, Wichita, Kansas. R. Leo Frye, John A. Brown Co., Oklahoma City, Okla. Stanley Kemp, New Orleans Public Service Co., New Orleans, La. Ralph W. Matthews, Merchants Credit Bureau, Battle Creek, Mich. C. E. Wolfinger, Lit Brothers, Philadelphia, Pa.

## District Membership Committee

### District No. 1

Wm. F. Cauley, Albert Steiger Co., Springfield, Mass. *Chairman*. Wm. J. Kirby, Gilchrist Co., Boston, Mass. *Cochairman*. Dorothy Wilbur, Boston Shoe Store, Portland, Maine, *Cochairman*. Wm. F. Kalaus, Meigs & Co., Bridgeport, Connecticut. Fred W. Barton, W. H. Sawyer Lbr. Co., Worcester, Mass. R. C. Locke, Credit Bureau Inc., Manchester, New Hampshire. Milton Rose, Peerless Company, Pawtucket, R. I. R. P. McNall, Burlington Credit Bureau, Burlington, Vermont. John A. Hendry, J. A. Ogilvy's Ltd., Montreal, Canada.

### District No. 2

S. M. Butler, Schenectady Union-Star, Schenectady, N. Y. *Chairman*. J. M. Martin, Hurley-Tobin Company, Trenton, N. J. *Cochairman*. Wm. F. Colburn, Savard & Colburn, Albany, N. Y. Irene W. Hamlin, Cloverdale Farms Co. Inc., Binghamton, N. Y. David R. Templeton, Passaic & Bergen Counties Cr. Bureau, Paterson, N. J. Burton V. Consaul, Sherry-Williams Tire & Rubber Co., Schenectady, N. Y. Alice M. Sinnott, Adirondack Credit Service Inc., Glens Falls, N. Y.

### District No. 3

Henry C. Alexander, Belk Bros. Co., Charlotte, N. C. *Chairman*. Mrs. Marie Whaler, Miami Industrial Bank, Miami, Fla. Tom McGee, Aug. W. Smith Company, Spartanburg, S. C. O. B. Feagin, Wofford Oil Company, Atlanta, Ga. Rufly Moss, Young Men's Shop, Jacksonville, Fla. Edward A. Wright, Savannah Elec. & Power Co., Savannah, Ga. R. T. Bradberry, Georgia Power Co., Columbus, Ga. G. Griff Smith, Hammond-Brown-Jennings Co., Spartanburg, S. C.

### District No. 4

W. Carter Durham, R. E. Kennington Co., Jackson, Miss. *Chairman*. Evans Roberts, Welsh & Levy Clo. Co., Baton Rouge, La. *Cochairman*. Hugh L. Reagan, The Cain-Sloan Co., Nashville, Tenn. Charles L. Doynik, Louis Weisel Inc., Tuscaloosa, Ala. A. C. Artigues, White Brothers, New Orleans, Louisiana. A. S. Westbrook, MacKay Company, Jackson, Mississippi. P. G. Wright, W. L. Hailey Co., Nashville, Tenn.

### District No. 5

Otto L. Pfau, The Strousz Hirshberg Co., Youngstown, Ohio. *Chairman*. Elizabeth Brandon, Brandon Doctors, Lorain, Ohio. *Cochairman*. T. W. Walters, Morris Plan Bank, Cleveland, Ohio. G. C. Driver, The May Company, Cleveland, Ohio. Roy H. Gale, The H. & S. Pogue Co., Cincinnati, Ohio. Floyd J. Redding, Kay's Jewelers, Lima, Ohio. Martin H. DeWitt, Herpolzheimer Co., Grand Rapids, Mich. Walter E. Lawrence, Bill Wood Auto Service, Battle Creek, Mich. Harold J. Crouch, The Kaufman Strauss Co., Louisville, Ky.

### District No. 6

Hamilton H. Morse, Armstrong Clo. Co., Cedar Rapids, Ia. *Chairman*. Fred Cox, Gold & Co., Lincoln, Neb. *Cochairman*. Eleanor Wilson, Anderson Furn. Co., Duluth, Minn. *Cochairman*. Dean Ashby, M. L. Parker Co., Davenport, Iowa.

### District No. 7

Sam M. Fogel, Woolf Bros., Kansas City, Mo. *Chairman*. Essie January, Stix, Baer & Fuller, St. Louis, Mo. *Cochairman*. E. F. Callaway, Pfefler Bros. Inc., Little Rock, Ark. *Cochairman*. Newton G. Hammond, Lion Oil Refining Co., El Dorado, Ark. *Cochairman*. E. L. Jordan, Oklahoma Gas & Elec. Co., Fort Smith, Ark. Royce Schertner, Wichita Eagle, Wichita, Kansas. Wm. N. Sidlinger, Wiley Dept. Store, Hutchinson, Kansas. E. F. Horner, Kline's, St. Louis, Mo. K. W. Story, Christman Dry Goods Co., Joplin, Mo. Margaret Mayo, Woolf Bros., Tulsa, Okla. L. J. Walton, Hunt Dry Goods, Muskogee, Okla.

### District No. 8

Morris King, Haltom Jewelry Co., Fort Worth, Texas. *Chairman*. Sally Sampson, Sally's Frock Shop, Fort Worth, Texas. *Cochairman*. E. H. Brown, Shudde Brothers, Houston, Texas. Leopold L. Meyer, Foley Bros. Dry Goods Co., Houston, Texas. Robert A. Ross, Neiman-Marcus, Dallas, Texas.

### District No. 9

Leroy S. Rosval, The May Co., Denver, Colo. *Chairman*. William Glass, Cottrell Clo. Co., Denver, Colo. *Cochairman*. Harold Symons, Harold M. Symons Auto Co., Cheyenne, Wyo. Wm. F. DeVere, Cheyenne Credit Bureau, Cheyenne, Wyo. Fred White, Albuquerque Natl. Trust & Savings Bank, Albuquerque, N. M. Melvin Schumpert, Portales Credit Association, Portales, N. M. Roderick E. Langton, Salt Lake Tribune, Salt Lake City, Utah. Wendell Romney, Z.C.M.I., Salt Lake City, Utah. Chris Jensen, Crews Beggs Dry Goods Co., Pueblo, Colo. Raymond Stein, City of Colo. Springs Light & Power Dept., Colorado Springs, Colo.

### District No. 10

E. G. Stevens, Fisher's Dept. Store, Tacoma, Wash. *Chairman*. Grant Hess, Falk's Dept. Store, Boise, Idaho. *Cochairman*. Edna Brill Ray, Dr. Bix, Tacoma, Wash. *Cochairman*. Harold Blanchard, Seattle Trust & Savings Bank, Seattle Wash. J. H. Fisher, Meier & Frank, Portland, Ore. Fred G. Emry, Emry Men's Store, Spokane, Wash. V. S. Proctor, Great Falls Clinic, Great Falls, Montana. Elmo Steffanson, Grand Street Furn. Co., Helena, Montana. R. I. Leonard, Kaufman-Lebo Co., Bremerton, Wash. Caroline Condon, Benjamin Franklin Elec. Co., Seattle, Wash.

### District No. 11

Robert Clifton, Charles Brown & Sons, San Francisco, Calif. *Chairman*. Geo. V. H. Brown, Buffum's, Long Beach, Calif. *Cochairman*. Earl Bogue, I. Magnin & Co., Oakland, Calif. Robert L. Palmer, L. Hart & Sons Co., San Jose, Calif.

### District No. 12

Joseph A. White, Harris Stores Co., Pittsburgh, Pa. *Chairman*. Vernon MacNeal, Hecht & Co., Baltimore, Md. *Cochairman*. LeRoy N. Dickerson, Wilmington Furn. Co., Wilmington, Del. L. L. Cook, The Credit Bureau Inc., Elkins, W. Va. W. J. Ralston, Retail Merchants Assn. of Norfolk, Norfolk, Va. J. K. Althaus, Associated Retail Credit Men of Washington, Washington, D. C.

### District No. 13

C. F. Barnes, The Fair, Chicago, Ill. *Chairman*. O. A. Spitzer, Niss Furniture Store, Milwaukee, Wis. *Cochairman*. Ruth Rosenkrantz, Plant-Kerger Co., Kankakee, Ill. *Cochairman*. A. C. Wehl, Gimbel's, Milwaukee, Wisconsin. A. B. Hunter, Wurlitzer Co., Chicago, Ill. Louis B. Skinner, Wm. H. Roberts & Sons, Indianapolis, Ind.

# CREDIT FLASHES

## Cantor Heads Portland Bureau

Bernard B. Cantor, former Collection Manager of the Adjustment Department of the Retail Credit Association of Portland, succeeds John N. Keeler as head of the Credit Reporting Company of Portland. Mr. Keeler retired the first of the new year after almost a quarter of a century as owner and manager of the Bureau. A new name will be chosen for the Bureau which is a part of the local Association. Mr. Cantor will manage the combined operations of the Bureau and Local Association in one central office. Both men have the best wishes of the National Retail Credit Association for many successful and eventful years ahead.

## J. W. Moss Retired

J. W. Moss, for 37 years Manager of the Washington Water Power Company, Spokane, Washington, retired December 1. R. T. Schatz has been appointed Credit and Collection Supervisor for the company and Neil S. Davis, Supervisor of Credit for the Spokane Division.

## C. Ray Cook in New Connection

C. Ray Cook, former assistant Credit Manager of Ed. Schuster & Co. Inc., Milwaukee, Wisconsin, is now in charge of the Small Loan Department of Marshall and Ilsley Bank, Milwaukee, having resigned from Schuster's, December 1.

## Dallas Holds Annual Banquet

The 28th annual banquet of the Dallas Retail Credit Men's Association was held jointly with the Credit Women's Dinner Club of Dallas, November 28, in the Roof Garden of the Adolphus Hotel. Following the dinner the newly elected officers of the Credit Women's Dinner Club were introduced: President, Rhoda Lou Lane; First Vice-President, Mrs. Sara Sterling; Second Vice-President, Mrs. Rose Knight; Secretary, Geraldine Grace; Treasurer, Mrs. Oma Rosson; and Parliamentarian, Lillian Mahana. Officers of the Retail Credit Men's Association elected were: President, Warren Taliaferro, Dreyfuss and Son; First Vice-President, Claud Walker, Titche-Goettinger; Second Vice-President, C. Hal Jones, Zenith-Casino Co.; Secretary, J. E. R. Chilton, Jr., Merchants Retail Credit Association; and Treasurer, Jack N. Fanning, Texas Bank and Trust Co. Directors: Clyde Dennis, Arthur A. Everts; R. G. Dillard, Adolphus Hotel; R. F. Duggan, Jr., Magnolia Seed Co.; F. William Johnson, Neiman-Marcus; Arthur Hopkins, Clarke and Courts; John F. Thompson, Sears Roebuck and Co.; E. P. Kirkpatrick, Fakes and Co.; and Mrs. Vivian Skidmore, Bordens.

## Consolidation at Troy, N. Y.

The Merchants Credit Association of Troy, N. Y., and the Credit Bureau of Troy were consolidated on November 1 under the management of John E. Van Epps. The business will be conducted under the name of Credit Bureau of Troy, N. Y.

## Coming District Meetings

Districts Three and Four (Florida, Georgia, North Carolina, South Carolina, Alabama, Louisiana, Mississippi and Tennessee) will hold their annual Conference at the Hotel Charlotte, Charlotte, North Carolina, March 12, 13 and 14, 1945.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Manitoba, Canada, and Superior, Wisconsin) will hold its annual meeting February 25, 26 and 27 at the Fort Des Moines Hotel, Des Moines, Iowa.

District Seven's (Arkansas, Kansas, Missouri, and Oklahoma) annual conference will be held at the Marion Hotel, Little Rock, Arkansas, February 19, 20 and 21.

Credit granters and credit bureau managers from 13 states and the District of Columbia will take part in another joint wartime conference to be held February 12 and 13 at the Hotel New Yorker, New York City. The program will be built around post-war credit plans and the states represented will include: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Virginia, West Virginia, Maryland, and Delaware.

## A. J. Kruse Honored

A. J. Kruse, Manager, Associated Retail Credit Men and Credit Bureau of St. Louis was honored at a recent meeting of the Association for his thirty years of service. He has guided the affairs of the Association since its organization in 1914, and from 1916 to 1919 also found time to perform the duties of Secretary of the Retail Credit Men's National Association, now the N.R.C.A. As a token of their regard for him, members presented Mr. Kruse with a gold-topped pen and pencil set. Bud Greer, Past President of the Credit Bureau made the presentation. We congratulate Mr. Kruse on his many years of loyal service to both the local and National Associations and join his many friends throughout the United States in wishing him many more years of continued success.

## Stout Reelected Morris Plan President

Richard H. Stout was again elected head of the Morris Plan Bankers Association at its recent post-war planning conference. The importance of consumer credit to any post-war economic program was stressed by a number of speakers, and the conference adopted a resolution calling on members of the Association to do all in their power to meet the need for loans to middle-sized and small business enterprises in the post-war world.

## Position Wanted

CREDIT AND COLLECTION MANAGER, large New York firm (lady, 35, single) desires change. Available at once. Box 1145, CREDIT WORLD.

## Recent Elections

### Beaumont, Texas

Ruel N. Riggs, Service Tire & Repair Co., was elected President of the Beaumont Credit Grantors Club at the annual election recently. Others elected for the ensuing year are: Vice-President, Dick Stewart, Morgan Plan Co.; Treasurer, Mrs. Nina Benoit, The White House D. G. Co.; and Secretary, Miss Ruby Blair, Worths Inc. Directors: Gaston LeBlanc, Globe Laundry; Mrs. Madge Newman, Geo. Wilson Men's Wear; and V. A. Bradford, Phoenix Furn. Co.

### Tulsa, Oklahoma

New officers and directors of the Tulsa Retail Credit Association were installed at their annual meeting on November 16. They are: President, Earl Beard, National Bank of Tulsa; Secretary, J. C. Rayson, Retail Merchants Association. Directors: C. C. Crowe, Public Service Co.; Ben K. Bilbrey, Motor Exchange; C. H. Froehle, First Bancredit Corp.; J. S. Goepfinger, Shannon Furn. Co.; P. E. Sisney, I. Miller Co.; Claude Hale, Clarke's; Myrl VanZant, Mayo Furn. Co.; Julian Harris, Street's; Marion Leleu, Brown-Dunkin Co.; J. R. McKee, Palace Clothiers; Margaret Mayo, Woolf Bros.; Samuel Minsky, Oklahoma Tire & Supply Co.; Maxine Parker, McBirney Investment Co.; Audrey Savage, Dorothy's; Nadine Iola, Field's Fifth Avenue; H. R. Stuart, Sears, Roebuck & Co.; and Thelma Bridges, Vandever's.

### Worcester, Massachusetts

The Associated Retail Credit Men of Worcester, Inc., elected the following officers and directors for the ensuing year: President, Ralph D. McLaughlin, A. L. McLaughlin Co.; Vice-President, Alfred B. Shaw, Jenkins & Robinson Co.; Treasurer, Fred W. Barton, Sawyer Lbr. Co.; and Secretary, Philip J. Murphy, Credit Reporting Bureau. Directors: Fred A. Bardsley, H. C. Pond, Lbr. Co., Auburn; Irene L. Benoit, M. A. C. Plan; R. H. Blanchard, Personal Finance Co.; Helen M. Boyle, Barnard Sumner & Putnam Co.; A. Everett, Cameron, Ware Pratt Co.; Esther G. Dolan, Richard Healy Co.; Mary L. Doyle, Filene's; Annabel A. Dwyer, John C. MacInnes Co.; Iver J. Erikson, Iver J. Erikson Inc.; R. Alden Flagg, Ross Bros.; Geo. A. Lindberg, Mattson Furn. Co.; Josephine A. McCarthy, Kennedy's; Horace D. McCowan, Worcester Morris Plan Co.; Arthur Maccabee, Partridge Paint Co.; Scott Marshall, Sears Roebuck & Co.; Clarence V. Mayo, Heywood Shoe Store; Wm. N. Mitchell, Guaranty Bank & Trust Co.; Louella N. Mosier, C. T. Sherer Co., Inc.; John J. Mullan, Clafin Sumner Coal Co.; James F. Power, Worcester Gas & Light Co.; Wm. J. Regan, Prudence Clothes; Herman P. Roellig, Walker Coal & Ice Co.; Otto W. Schaefer, Coghlun Elec. Co.; Norman L. Sharfman, N. Sharfman & Co.; Walter E. Sheckleton, American Supply Co.; Richard C. Steel, Worcester Telegram & Gazette; Florence C. Toomey, Sol S. Marcus & Co.; Samuel E. Ulian, Ulian's; and James Wilson, Denholm & McKay.

**BAROMETER**  
OF RETAIL  
**BUSINESS**  
*Sales and Collection Trends*  
Compiled by Research Division, National  
Retail Credit Association  
ARTHUR H. HERT, Research Director

### November, 1944 vs. 1943

**C**OLLECTIONS INCREASED 1.7 per cent during November; credit sales .1 per cent; and total sales 11.5 per cent, in 37 cities reporting in the United States and Canada, as compared with November, 1943. Advance holiday buying resulted in a considerable rise in total sales, while credit sales remained practically unchanged. As usual the seasonal buying slowed collections somewhat.

Highlights of the monthly analysis are shown in the tables below:

### Highlights—November

- 37 Cities reporting.  
10,588 Retail stores represented.
- COLLECTIONS**
- 28 Cities reported increases.
  - 1.7% Was the average increase for all cities.
  - 17.2% Was the greatest increase (Corpus Christi, Tex.)
  - 1 City reported no change (Cheyenne, Wyo.).
  - 8 Cities reported decreases.
  - 25.0% Was the greatest decrease (Muncie, Ind.).
- CREDIT SALES**
- 23 Cities reported increases.
  - .1% Was the average increase for all cities.
  - 11.0% Was the greatest increase (Muncie, Ind.).
  - 2 Cities reported no change.
  - 12 Cities reported decreases.
  - 20.8% Was the greatest decrease (Whittier, Calif.).
- TOTAL SALES**
- 35 Cities reported increases.
  - 11.5% Was the average increase for all cities.
  - 28.0% Was the greatest increase (San Francisco, Calif.).
  - 1 City reported no change (Cheyenne, Wyo.).
  - 1 City reported a decrease (11.0%, Charlotte, N. C.).

# Credit Department Letters

THE NAME OF January comes from the Latin *Januarius*. In Roman mythology it referred to the Latin god "Janus," the two-faced god. He was the god of doors and thresholds, and consequently could look both ways—backward as well as forward.

It is fitting, therefore, to welcome the new year, this January, with appreciation for the many splendid examples of letters and forms that were submitted to this column in 1944, and to look forward to your continued cooperation in making the Credit Department Letters page possible in 1945.

## This Month's Illustrations

Illustration No. 1, is one of the few credit letters from insurance companies we have had the pleasure of showing on the Credit Department Letters page. We welcome the opportunity of discussing it. First, notice the format or style of the letter. The letterhead is dignified and the solid columns shown on each topside of the page suggest the strength and moral fibre of this company which handles fidelity and surety bonds. Second, this feeling of strength is heightened by the letter itself, which tells a complete story in a language and style that fits the reader—in this case, an attorney-at-law. As this letter is typical of letters dealing with legal matters, the sentences and paragraphs are written and arranged in logical and legal sequence. One fact smoothly follows another until the reader is persuaded to act in accordance with the desire of the writer.

The opening paragraph, while long, has an interesting story of its own, and the reader readily agrees with the statement that "Everyone is so busy it is difficult to get things accomplished with the usual peacetime efficiency." The second paragraph emphasizes what can be done to decrease obstacles and increase efficiency during wartime. This sets the stage for the third paragraph which makes its appeal to close out all "unfinished business" and start the new year with a new leaf by answering the letter and giving the information desired. The last sentence is both gracious and cooperative, and leaves just the right touch with the reader so he will do what the company desires.

Illustration No. 2, is another example of the right type of follow-up letter that builds good will with old customers who have not been trading recently with the store. The opening does not mince words but goes

direct to the point by quoting an old customer and having him speak for other customers on a matter that the reader may agree with. Then, having built a straw-man, the writer promptly knocks him down-and-out of the reader's mind by giving proof that the store is thinking about its old customers. The proof lies in telling the customer about the new shipment of Hart, Shaffner and Marx suits and topcoats; how complete it is, and how all of them are of prewar quality. To get the customer to act now, the stimulus or hook in the letter is found at the very end—to look over the stock now because it won't be complete again this year. The postscript gives a piece of information—information added in the form of a question—so that the reader may be told about all the merchandise carried by Moore's.

Illustration No. 3, is an excellent example of the type of good will letter that puts into practice what Mr. Ashby preaches. In his address before the Milwaukee Conference, last May, Mr. Ashby brought out forcibly the need for writing and sending business promotion letters to customers *at every opportunity*—and here he practices his own creed by using the beginning of the new year as a means of conveying an old message. Here again the format of the letter helps in presenting the story. The layout or appearance is attractive and has eye appeal. The paragraphs are well spaced and easy to read; and all in all, the letter leaves an excellent impression. The first paragraph expresses appreciation for helping to make possible the greatest sales volume of the store in 39 years. The second paragraph brings the customer right into the picture, and thereby makes him a part of the store, by showing him how he has helped in this record. Then the next paragraph compliments the customer on the use of his account during 1944. This last point leads naturally and smoothly into the last statement that urges the reader to make further use of the account during 1945. In summary, this letter is selective, appropriate, and progressive.

Illustration No. 4, uses a headline advertisement to explain the purpose of the letter. The opening is novel and interesting and is well tied in with the sales message that follows—by the connotation of the short sentence expressed in the second paragraph. Then an appeal is made to the customer to take advantage of Gimbel's Payment Plan to select furniture for the home. Emphasis is laid upon the high quality of the merchandise assembled in Gimbel's Furniture City, and the customer is urged to shop there by setting a day aside to do so. The customer is told that his credit is established, and all he need do is to come in, make the selections, and make arrangements for paying. The letter is of interest to women customers, for good furniture is scarce; and this fact, coupled with the high quality merchandise offered, should get good results.

*Reading this magazine carefully  
and regularly will contribute to  
your success as a Credit Executive*

MUTUAL SURETY COMPANY OF IOWA  
Fidelity and Surety Bonds

DES MOINES, IOWA

(1)

November 17, 1944

Mr. John Jones  
Attorney at Law  
Des Moines, Iowa

Dear Mr. Jones:

This has been a very difficult year for all of us, in more ways than one. We have all had to work a little harder and save a little more in order to speed the war effort. There has been a shortage of help in nearly every line of work. Everyone is so busy it is difficult to get things accomplished with the usual peacetime efficiency. Yet these are very small annoyances when we consider the suffering and turmoil in the world.

We feel that in spite of difficulties, this is the time for us to increase our efficiency--to get things done and keep business going better than usual, and that this in turn will determine the quality of the service we are able to give to our public.

We have certain obligations to others and often others have certain obligations to us. So that we will both have the satisfaction of closing the year with the least amount of "unfinished business" and starting the year by turning over the ground to the plow. Won't you please drop us a line in the enclosed envelope explaining the progress you have made on the matters on your account. We would rather not include your account among those which we show as past due in our annual report furnished to the Iowa Insurance Department as of December 31, 1944.

You will find us ready and willing to assist you whenever possible.

Yours very truly,

MUTUAL SURETY COMPANY OF IOWA  
*CC Plymuth*  
Vice President



(2)  
MOORE'S  
640 MARKET STREET  
SAN FRANCISCO 2

September 19, 1944

Dear Mr. Moore:

An old customer called us down the other day. He said, "The trouble with all you retailers is you're doing so much business you don't care a whoop about your old customers".

That was quite a shock to us. Naturally we can't speak for other retailers, but we don't honestly believe that criticism holds true here.

No better proof need be offered than the way we've pestered you with letters telling how you've been missed.

And here we go again...

Only this time there's big news for you! The largest shipment of Hart Schaffner & Marx suits and topcoats in months has just landed!

Fan American Tweeds, Gordian Worsts, Bench Made suits, West End Covert topcoats -- a powerful selection and all pre-War quality right down to the last stitch.

Now is a ripe time to look over this stock -- because it won't be complete again this year.

Cordially,

*MC Biegel*  
CREDIT MANAGER

MB/dm

P.S. Do you know we now have women's suits, topcoats, blouses, sweaters?

HART SCHAFFNER & MARX CLOTHES

M. L. PARKER COMPANY

FOUNDED 1908

(3) DAVENPORT, IOWA

January 2, 1945

Mr. Oliver Frank  
72387 Utah Pl.  
Davenport, Iowa

Dear Mr. Frank:

January is an opportune time for taking inventory of the past year's accomplishments, and also to express our appreciation to those who have made it possible for us to have attained an outstanding record in 1944, the greatest sales volume we have ever experienced in the 39 years Parker's has been in business.

You have played a very important part in this picture of progress and we want you to know how thankful we are for your business friendship.

It gives us much pleasure to acknowledge the splendid way you have always taken care of your obligations. These things do not go unnoticed by us, for we value your good will and especially appreciate the active use of your account this past year.

Because of your excellent record, we want to urge you to continue the frequent use of your account during this year of 1945, thereby making possible the many pleasant contacts available through our credit services.

Very truly yours,

M. L. PARKER COMPANY  
*Sherry*  
Credit Manager

DA:BW

GIMBELS FURNITURE CITY

GIMBEL BROTHERS  
Milwaukee's One Stop  
Shopping Center  
MILWAUKEE 1, WIS.

February is the Month for Gimbel's  
Beautiful Furniture Selections

January 26, 1944

(4)

Dear Mrs. Wright:

While February is the shortest month in the year -- it must have something the others have not. For instance, men like Washington, Lincoln and Edison selected February as a good month in which to be born.

So much depends on proper selection, it seems. Especially these days!

That's why we cordially invite you to take advantage of our popular furniture Payment Plan, and select some beautiful pieces of furniture to replace certain pieces in your household which may have become worn, broken or a bit out of date.

Our staff of furniture experts have been busy, and after long and careful preparation are presenting a most unusual showing of the newest and latest in furniture and household appliances and furnishings in Gimbel's Furniture City, located on the Sixth Floor. It will be so easy for you to brighten and beautify your home from the many smart things on display at this showing. And as always, you can expect real values at Gimbel's.

Your credit is established here. Just bring this letter with you, and arrangements will be made to suit your convenience. Why not set a day aside for next week and visit Gimbel's Furniture City?

Cordially yours,

GIMBEL BROTHERS

*A. C. Wehl*  
A. C. Wehl,  
Credit Manager

P.S. Remember the entire store is open Monday and Friday evenings until 8 P.M.

# Collection Scoreboard

**November, 1944** ★ ★ ★ ★ ★ ★ ★ **November, 1943**

**THIRTY-FIVE KEY CITIES CONTRIBUTE THESE FIGURES MONTHLY**

\*1944 figures not received at press time.

### **-In the News-**

★ INDICATIONS now are that about 2,000,000 men will be discharged from the armed forces within a year after Germany's fall. Already discharges are running at a rate of approximately 30,000 a month from the Army, less than 10,000 monthly from the Navy.

★ SAVINGS deposits will not start to decline when the war is over in the opinion of Brig. Gen. Leonard P. Ayres, Vice President of the Cleveland Trust Company.

**★ AN EMPLOYEE** retirement income plan will be put into effect immediately by the Wieboldt Stores, Chicago. At no cost to the employee, the plan builds up a sum when retirement age is reached. The fund has been accumulating for two years and 900 employees will benefit.

★ THE HOUSE Small Business Committee says that there is plenty of evidence that small business concerns are bearing "a proportionately larger share of current tax burdens than their capital structure and business volume warrants." Chairman Patman states: "Venture capital has not been inclined to

buy into small companies because of the fear they will not be able to withstand the competition of larger companies."

★ A REPORT from Washington tells of a study now in process by the WPB for conversion of industry to peace-time production. The study is based on the assumption that a 50 per cent cut in industry's war production will follow the defeat of Germany. It is predicted that the auto industry can resume production three months after that date.

**★ ACCORDING** to the National Planning Association, U. S. foreign export trade must hit the ten billion-a-year mark in order to offset an economic slump in our postwar economy. The Association points out that the nation's capital goods industries have now expanded far beyond the ability of civilian requirements to support them.

★ CONSUMER BORROWINGS "may increase again," says the Federal Reserve Board, "not withstanding the large consumer holdings of liquid assets. Individuals may seek credit for their post-war purchases even though holding large savings."



# MONTHLY CREDIT STATISTICS

Culled from *Federal Reserve Bulletin* of the Federal Reserve System  
by the Research Division, National Retail Credit Association

TOTAL CONSUMER CREDIT outstanding at the end of October is estimated at 5,212 million dollars or about 3 per cent more than a year ago. The increase of about 140 millions during the month was due largely to seasonal factors and occurred principally in charge accounts.

Instalment loans outstanding showed little change during the month but were slightly above the October, 1934 level. Back figures of these series have been recently revised.

Automobile sale credit continued in about the same volume for the third consecutive month and remained above the year-ago level. Other instalment sale credit was below that at the end of October, 1943, but was approximately 4 per cent larger than on September 30 this year.

Charge accounts receivable rose nearly 8 per cent during October, somewhat more than the customary seasonal expansion.

## Ratio of Collections to Accounts Receivable<sup>1</sup>

MONTH	INSTALMENT ACCOUNTS			CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	
<b>1941</b>				
December	20	11	12	23
<b>1942</b>				
June	22	14	13	22
December	31	18	15	30
<b>1943</b>				
June	29	21	21	33
September	33	21	21	33
December	35	22	22	55
<b>1944</b>				
January	30	20	22	31
February	31	20	22	31
March	36	23	26	34
April	31	23	26	28
May	33	25	26	30
June	31	24	28	30
July	30	23	29	31
August	34	24	32	31
September	35	24	33	32
October	39	26	36	34

<sup>1</sup>Ratio of collections during month to accounts receivable at beginning of month.

## TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT			SINGLE-PAYMENT LOANS <sup>2</sup>	CHARGE ACCOUNTS	SERVICE CREDIT
			TOTAL	AUTOMOTIVE	OTHER			
1941	9,499	5,921	3,747	1,942	1,805	2,174	1,204	1,764
1942	6,165	2,932	1,494	482	1,012	1,438	1,072	1,513
1943	5,158	1,939	816	175	641	1,123	1,034	1,498
<b>1943</b>								
June	5,095	2,075	896	208	688	1,179	1,014	1,338
July	4,883	1,993	838	196	642	1,155	994	1,222
August	4,810	1,939	807	190	617	1,132	996	1,198
September	4,909	1,917	786	186	600	1,131	1,038	1,275
October	5,010	1,891	777	181	596	1,114	1,073	1,366
November	5,114	1,882	778	177	601	1,104	1,084	1,466
December	5,158	1,939	816	175	641	1,123	1,034	1,498
<b>1944</b>								
January	4,818	1,836	745	169	576	1,091	996	1,294
February	4,662	1,785	707	167	540	1,078	962	1,218
March	4,836	1,804	696	167	529	1,108	955	1,376
April	4,801	1,785	689	171	518	1,096	966	1,346
May	4,898	1,801	700	181	519	1,101	997	1,390
June	4,945	1,826	707	192	515	1,119	1,033	1,370
July	4,882	1,833	706	204	502	1,127	1,038	1,287
August	4,926	1,837	709	210	499	1,128	1,029	1,330
September	5,017	1,856	719	210	500	1,137	1,026	1,402
August	4,988	1,890	709	210	499	1,190	1,029	1,330
September	5,075	1,919	720	210	510	1,199	1,022	1,402
October	5,212	1,940	743	210	533	1,197	1,024	1,516

<sup>1</sup>Includes repair and modernization loans. A revision of repair and modernization estimates was shown on p. 392 of the BULLETIN for April, 1944. This revision is preliminary and subject to change.

<sup>2</sup>An estimated total of noninstalment consumer loans; i.e., single-payment loans of commercial banks and loans by pawnbrokers.

## CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTOMOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
<b>1943</b>						
June	688	168	301	64	47	108
July	642	155	286	55	45	101
August	617	149	279	48	44	97
September	600	148	272	42	44	94
October	596	151	269	37	45	94
November	601	160	266	32	48	95
December	641	174	271	29	66	101
<b>1944</b>						
January	576	158	248	24	55	91
February	540	147	236	21	51	85
March	529	144	231	19	52	83
April	518	141	229	18	48	82
May	519	141	235	16	45	82
June	515	138	237	15	44	81
July	502	132	234	14	43	79
August	499	132	233	13	42	79
September	510	138	236	13	43	80
October	533	148	244	13	44	84

## DEPARTMENT STORE SALES BY TYPE

(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
June	48	8	44
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
September	61	5	34
December	65	4	31
1944—January	64	4	32
February	63	4	33
March	62	4	34
April	62	4	34
May	62	4	34
June	63	2	34
July	65	4	31
August	64	4	32
September	63	4	33
October	63	4	33

# Map of Business Conditions

The rate of business activity has risen a little in recent weeks and is again very close to the peak which was reached last December. If current trends continue, it will reach a new peak this month, even though industrial production is slowly declining.

While the general average has changed slowly, variations among different cities and regions have become more striking than usual. The average is about 5 per cent higher than last year, but in some places trade is 15 per cent above a year ago. In several cities, it is from 5 to 10 per cent lower.

Two sections in the eastern part of the country are still lagging behind the national average. These regions are the New England states and most of the South Atlantic states. Shifts in war production, shipbuilding, and unfavorable weather for some crops have been factors in holding activity somewhat below the high level of a year ago.

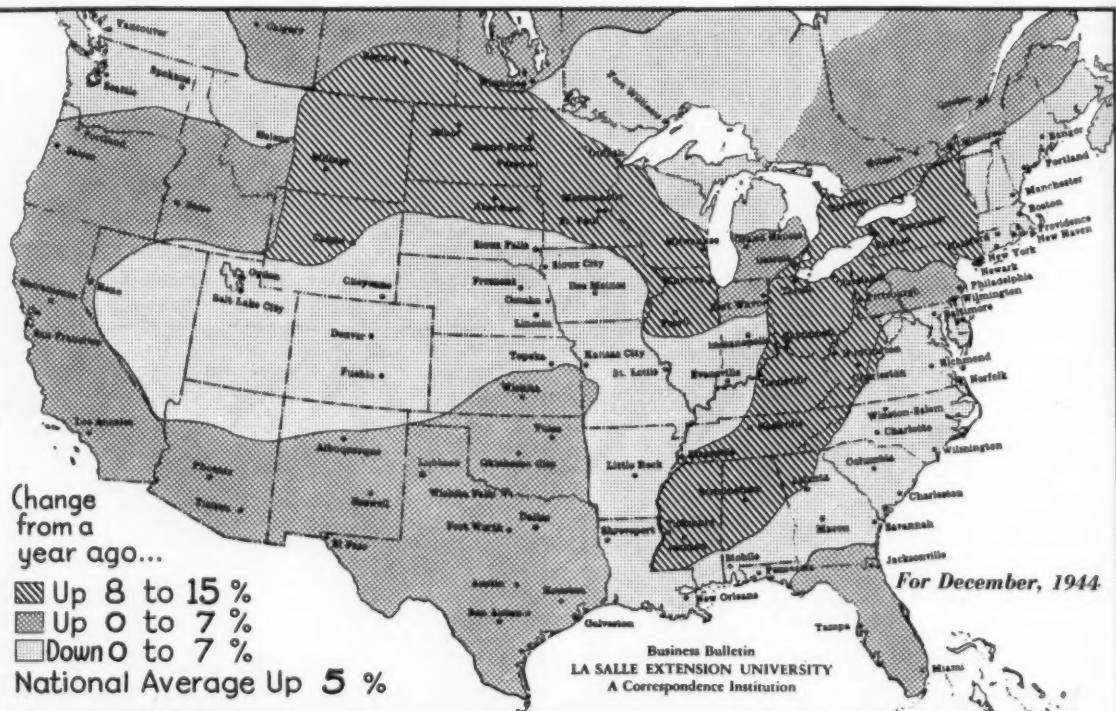
In the industrial region south of the Great Lakes and also throughout a considerable part of the South, business has increased more than the national average. War expenditures in these regions have been high and agriculture has been more prosperous than for many years.

Business has been slowing down a little in the South, especially in Texas, but it is still about equal to the national average. Continued large output of petroleum is holding activity up and will keep it from falling as long as demand remains so large.

An area of very good business is the northern half of the agricultural regions of the Middle West. The bumper wheat crop this year has stimulated trade for it has boosted farm income in that region. The record corn crop is expected to have a similar effect throughout other parts of the farming districts, although it may be offset to some extent by the decline in the income from live-stock.

Conditions in the Pacific Coast states have receded somewhat from the high level of recent months and now show about the same change from a year ago as the national average.

In Canada, the high rate of business activity is being maintained and the national average is about the same as it was a year ago.



## "Skeleton Billing"

(Beginning on page 8.)

to view. Budgets, due dates, and expiration dates, are visible at a glance. Suspense accounts are flagged by a visible red gummed tab; attorney accounts a black tab. If desired, we could go further, obtaining visibility of almost any desired combination, but in our case this is not necessary as pertinent customer information is recorded at our seven branch offices. Visi-record "out" signal shows automatically if a card is out of file. Incidentally, our master order file by streets and numbers has been set up on Visi-record, and these too are color-coded to indicate to the order department clerks what orders have the right-of-way. A visible record of name, address, size, kind, date of last delivery, and projection date for next delivery, and the credit information showing charge ok, c.o.d., budget, and restricted, is shown.

### Benefits of New System

I feel we have gained considerable in rearranging our billing system. Where we formerly required two billers working at top speed, we now have one. The billing operation is so simple and fast that relief operators can be taught in an amazingly short space of time. The saving in time of dunning clerks because of visibility of open balances and due dates is most gratifying. And the opportunity when checking an order for approval to determine by looking at ONE file, not only whether an account has been slow, but also how much effort and what type had to be expended in collection, will be, I believe, of tremendous value in controlling credit department costs.

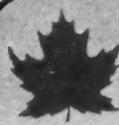
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# Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent



## Let's Face Realities\*

**T**HREE ARE SEVERAL ways of gauging the future and one of the most accurate would be to start with a count of the people who, after the war, will require satisfactory jobs. Such a count would include those now employed, those who after demobilization will wish employment, and the youngsters who will attain employable age during the next three or four years.

A co-ordination of information already in the files of National Selective Service, in the hands of the rehabilitation authorities and in the records of the Vital Statistics Branch would give a satisfactory answer. One estimate offered suggests that 4,700,000 remunerative jobs will be needed after the war. Since government reports show less than 2½ million people employed in 1937 this estimate of nearly 5,000,000 wanted jobs is beyond my comprehension. It, however, has been compiled by men of unquestioned authority.

To match this count of workers who will seek employment we need a corresponding survey of the employment prospects entertained by each and every business in Canada. Such an estimate involves better planning and better sales forecasts than ever before and if it were to be even partially successful it would have to be carried out under government supervision, government regulation and considerable government coercion. This would mean coming closer to the methods used in Nazi Germany or in Fascist Italy than the Canadian people would probably stand for.

Consequently we must forego any idea of accuracy in matching future employment prospects with future employment needs. It is true that many progressive firms are planning their post-war activities and that under the leadership of the Canadian Chamber of Commerce the Kitchener-Waterloo community in Ontario has completed a remarkably thorough survey of future market, production and employment opportunities in that area. But the planned future of a single area and of a few large and farsighted businesses, is only a fraction of the country's total economic future and is quite useless as a measure upon which to estimate on a national scale.

Hence our guesses about the future are relegated to generalities based upon income estimates about which there is great disagreement and which tell the ordinary man nothing of what he may expect for himself. These

broad calculations can be useful in helping to determine sound national policies provided they are applied with technical understanding and with unimpeachable integrity of purpose. I am afraid, however, that they are widely used with prejudice to bolster failing hopes, to temper overoptimism, to assuage economic fears, to arouse enthusiasms, to foster socialistic tendencies, to promote progressive-conservative prospects, to elect liberal governments—always depending upon whose particular ox is being gored.

There may be another approach to this universal attempt of every man to find an answer to the question, "What are the future prospects for me and mine?" After all, is not that burning question the mainspring which sets us all wondering, if we are headed into a post-war depression, boom or steady sane progress?

It is a personal question, so perhaps a personal type of approach will help best to reach some sort of an answer. If we concern ourselves less with mass figures and more with the details of what may happen to men, women and businesses we may achieve a better understanding of what lies ahead.

Good times and bad are relative, depending upon the point from which we view the situation. It is quite possible that within a reasonable time our income taxes may be reduced by about one-half and when this occurs we shall feel we are on velvet even if at the same time we suffer a reduction in income. But if in 1938 we had envisioned having to pay an income tax of one-half of what we pay now it would have been horrifying to the point of stomach ulcers.

Now that we look back, we can see that 1938 was a fairly satisfactory year nicely along the way to recuperation from the low of the early 1930's. So just examine a few historical figures to see if you can envision the standards of business that will be necessary after the war to spell a reasonable prosperity for Canada as a whole. The figures here quoted are taken from the Canada Year Books:

	MILLIONS OF DOLLARS				
	Boom 1928	Depression 1931	Recovery 1938	War 1942	Peace
Agricultural Production	\$1,806	\$880	\$1,063	\$2,086	\$ ?
Forest Production	213	141	163	213	?
Fisheries Production	55	30	38	75	?
Manufactured Production <sup>1</sup>	3,582	2,555	3,625	6,076	?
Imports		628	809	1,644	?
Exports		599	997	2,385	?
Taxes collected (Federal)		336	516	2,249	?
People employed	2,299,000	1,788,000 <sup>2</sup>	2,369,000	3,700,000 <sup>3</sup>	4,700,000 <sup>4</sup>

(1) Gross value. (2) 1933 figures, the low point of employment.

(3) and (4) An estimate published by two dominion government economists.

\*This is an address given by Professor E. H. MORROW at a meeting of the Retail Credit Grantors Association of Vancouver. He is head of the Department of Commerce, The University of British Columbia.

A depression or a boom is an extremely personal affair. If your salary increases or even remains constant while the salaries of others go down and while prices are falling, it is anything but a depression for you. On the other hand many people, because of ill-fortune, ill-health, retirement or other reasons, experience hard times during eras of general national prosperity. I stress this personal aspect of a depression for two reasons. It spotlights the fact that to a great extent the ups or downs of the post-war period will depend upon the drive and initiative of those who will have opportunity to fend for themselves and the way each one of us feels will have bearing upon the degree of hard times or of good times to be experienced in the days ahead. Because of the great importance of the way people feel, let us consider the human, personal aspects of what may happen to businesses and to individuals when hostilities cease. Tremendous emphasis has always been given to the statistical side of economic ups and downs. For a change let us stress the psychological reactions of human beings.

One other introductory point—our future problems of employment and of economic stability are twofold in character. In one respect they are immediate and will be upon us before we know. Indeed, they are already looming as they belong to the period of demobilization. In the background lurks a long-term economic trend with which is associated the fundamental problem of whether our capitalistic system, perhaps of our very civilization, can survive. Issues of continued peace, of another war, of revolutionary upheaval and of class struggle are involved. We shall discuss only the immediate post-war problems because they are closely related to the questions of commercial credit.

Recently, I read of 2,300 workers slated for early discharge from the airplane industries of Vancouver. For these, and for others already laid off, the depression has arrived and is causing anxiety in many homes. The impact of layoffs has long been felt in the shipyards, tempered latterly by recent fresh contracts. Just recently, I visited what has been an exceedingly active war industry to find a depleted work force halfheartedly cleaning up tag-ends of contracts. The situation is parallel throughout the country and means that a definite start has been made toward liquidating the war economy and toward a reduced national income.

### The Evil Effect of Layoffs

From a national standpoint these layoffs are not all evil because they constitute a tapering off which is less painful than is a sudden full-scale operation. But for the individuals concerned, the disappearance of their incomes spells complete disaster. They will hoard their savings; they can buy no bonds; they pay no taxes; they must cancel any plans they had for future spending. In other words, they are reacting typically to depression conditions which fortunately are not severe enough to affect the general feeling of prosperity.

Luckily the impact of deflation does not run to one hundred per cent of the layoffs which are occurring. I know of one young lady who secured new employment in anticipation of a layoff and who changed from a highly paid war job to permanent employment at substantially lower pay. For her there has been a let down

but not a depression. Many women are more or less content to cease working outside their homes because some are tired while others are preparing new homes for soldier husbands. These workers while they may be inconvenienced by the disruption of their wartime incomes are not contributing to a feeling of depression, however, because they do not themselves feel depressed. Then many of the male workers are finding re-employment and are thankfully carrying on; though perhaps with a new feeling of caution.

When the full shock of peace arrives the layoffs will become a flood overwhelming every industrial area in Canada. Out and out war industries will, of course, have to close down because the government cannot continue to purchase guns, shells, tanks, aeroplanes and so on. We shall wind up the war with great stocks of armaments and military supplies useable and unuseable. Vast cancellations are inevitable and these are bound to work back from the finishing industries into the primary industries represented particularly by our mines and the operations based immediately upon their output. Then there will be inevitable shutdowns in several of the heavier industries preparatory to resuming the manufacture of products such as automobiles, radios, refrigerators, etc.

### The Business Outlook

At the same time we shall be trying to find employment for from one-half to three-quarters of a million of demobilized men and women. As though this will not be enough, many employers will feel uncertain about the future and, therefore, they will be hesitant about risking their capital and reserves until they see clearly what lies ahead.

Does all this sound to you like a depression for the immediate post-war era? It certainly does, and for those who will be out of work it will be as complete a depression as they can experience. Also when we compare this outlook with past experience it tallies with what happened after the last war when many months of business fits and starts culminated in the sharp recession of 1920-1921.

Have we any justification to expect something different this time? Only a tempering influence attributable to our economic and social education since 1914. Fundamentally, I believe we must again expect a post-war depression which will be of extreme severity for its victims and widely enough extended to affect most sections and many homes in Canada.

Any condition which witnesses declining employment, low volume business, a check to production and a decreasing national income is a condition of depression from the statistician's point of view. When the graphs and charts are drawn in future years they undoubtedly will show a sharp dip for some period in the years 1944, 1945 and 1946. But whether this depression will go far beyond being a statistician's calculation and become the fear-provoking and embittering experience of the early 1930's is another matter. In the present situation there are elements of rebound which will tend to lift the depressive factors before they create a psychology of widespread national fear.

(To be continued next month.)

# SUCCESSFUL CREDIT DEPARTMENT LETTERS

## VOLUME III

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## "Hospital Survey"

(Beginning on page 10.)

the story. This shows courage. Go after them with wage attachments! Do you dare attach wages? We do, and have some under attachment at the present time. We have made a small start on accounts back to 1941 and 1942. Many of the cases are single persons earning \$90.00 a week; a lot of them are accident cases. We are getting money from people that never paid. We are taking some out of suspense and adding them to the current accounts. One family in particular has had some member in the hospital every year for four years, with bills totaling \$120.00. There has been no attempt to pay, although the income is \$75.00 to \$80.00 a week. Perhaps we are being tough, but they are spending their money otherwise. If they can spend, you can get your money too. It may seem like a tough attitude, but that is my personal feeling.

What about your suspense accounts? In business, we charge off some each year. We take accounts and set them up in suspense, and follow every six months or a year, and if we believe there is any possibility that some money can be realized, we put it to judgment and follow it for twenty years. Probably, in your files you have a lot of suspense accounts on people who were hard up five or six years ago, but who are now making good salaries. Send your letters from the hospital, and if they are not effective let the credit bureau help you out on collecting. The results may surprise you.

One of the most important thoughts that I have to offer is the subject of collection authority. The set-up in our hospital is that I am personally responsible only to a finance committee of five men, who are responsible to the board of trustees. Whatever I do is reported only to that committee. The Superintendent of the hospital does not interfere except where there is a dispute, or a possible question of mistreatment. Such cases are insignificant—the "you sue me and I'll sue you" instance. These persons never think of a suit until you start to collect. Naturally, if they were going to sue the hospital they would do so immediately after they left it, not two years later.

### Collection Department Authority

If the director or superintendent is not doing the actual work of collection, you should set up some collection authority, and allow your collection department to do the job. Have confidence in it and let it go ahead. Let it stand or fall on its own efforts. I believe many superintendents and directors are misled by "sob stories." Only one working intimately on credits and collections has a chance of knowing whether a person is telling a "sob story." If you do not believe his story, there is your chance to get a credit report. That will tell you whether the "sob story" is true or not.

I was told when I began the survey that "hospitals do not give credit—the patients take it." No matter how they get it, if it is on your books, it is accounts receivable. I was appalled at the manner in which credit is granted in hospitals. It is marvelous that results are as good as they are.

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# The Book Shelf

**No Inflation Coming!** (International Economic Research Bureau, 76 William Street, New York 5, New York, 84 pages, \$1.00)—Not the inflation universally predicted, but a drastic break in security, real estate and commodity prices—a broad deflation that will involve the whole economic structure of the United States—is forecast by the author of this new book, William J. Baxter, head of International Economic Research Bureau. He declares that while common stocks, farms, real estate and commodities will be much cheaper, money in the bank and war bonds are the best possible things to own during this coming deflation. Informally written, it is generously illustrated with cartoons, and is lighter reading than is found in most books dealing with economic problems.



**Sixteenth Boston Conference on Distribution** (Daniel Bloomfield, Director, Boston Conference on Distribution, 80 Federal St., Boston 10, Mass., 106 pages, \$3.75)—Complete proceedings of the Sixteenth Boston Conference on Distribution, 1944. All of the speeches before this outstanding national forum are contained in this valuable report. Order should be sent in promptly as only a limited number of copies is available.



**Credit Letters That Win Friends** (University of Oklahoma Press, Norman, Oklahoma, 98 pages, \$1.75)—A book devoted to that special category of correspondence which belongs to the Credit Department—letters that are practical for mailing to large groups of customers and that produce extraordinary results at low cost. The author, William H. Butterfield, a business communications expert and author of seven other books on business letters, analyzes and discusses in this book the functions of a "top-notch" credit manager in the field of progressive public relations. It is written to serve as a manual of style for credit men and for businessmen generally who must do business by mail. The foreword by Robert A. Ross, Neiman-Marcus, Dallas, Texas, a past president of the National Retail Credit Association, is an interesting commentary on the new opportunities in American retail selling.



**1945 Credit Manual of Commercial Laws** (National Association of Credit Men, One Park Ave., New York 16, N. Y. Regular price \$6.50; to members of the N.R.C.A. \$5.35)—Features of the new 1945 Manual include: 1. War Contract Termination; 2. Cancellations of Orders; 3. Assignment of Accounts Receivable; 4. Sales; 5. Collections; 6. Insolvency; 7. Federal Laws That Regulate Business; 8. Tables Outlining Limitations for Legal Actions; and 9. The Fundamentals of Doing Business in Every State in the Union. This Manual is the last word on the State and Federal laws affecting credit and should be in every credit office.

## Credit Don'ts

1. Don't extend credit without first obtaining a complete credit report on the applicant.
2. Don't extend credit on a "hunch" or the fact that you are acquainted with the applicant, or he has been a cash customer.
3. Don't make a partial check by telephoning or writing references furnished by the applicant. Naturally, in most cases, he will be in good standing with such firms. A complete credit report, in the long run, will prove the cheapest and you will be assured of good and bad information alike—a true picture of the applicant's record and ability to pay.
4. Don't withhold information from your Credit Bureau longer than is required to check your records. It slows up the service of the Bureau and the inquiring member and makes for extra handling by all concerned. This increases the cost of Bureau operation and additional costs must be absorbed by all members.
5. Don't extend credit in the face of unsatisfactory information, because you may feel that the customer will pay you—that you are a better collector. It just doesn't happen that way often enough to warrant the risk involved.
6. Don't show your feelings in collection letters to customers who have ignored previous requests for payment. Judgment and diplomacy are required in handling collections and particularly so with such customers.
7. Don't threaten to take certain action and then back down. Don't threaten until you mean it and then follow through in accordance with your letter.
8. Don't permit past-due accounts to run indefinitely. If you are unable to make collection within four and not more than six months, other steps should be taken. The longer you delay action, the more difficult the collection. Usually collection fees are based on the age of accounts and collection prospects are brighter in the early stages of delinquency. Therefore, you save money when such accounts are promptly placed in the hands of the collection department of the Credit Bureau or the agency used by you for this purpose.
9. Don't delay closing accounts of slow-paying customers or those who overbuy and cannot be educated to pay according to the store's terms. Your bad debts are largely made up of accounts in the two categories, plus those on which credit was extended without sufficient information.
10. Don't fail to attend meetings of your local association. Discussions at such meetings and becoming better acquainted with your fellow credit granters will pay dividends to you and your firm.
11. Don't fail to read every article in The CREDIT WORLD each month. You never know when you may run across the very idea you are looking for. Systematic reading of The CREDIT WORLD will keep you abreast of the times in the retail credit field, is educational and broadening. It will make you a better credit manager or credit assistant.

# A Major Problem For 1945

RESPONSES TO OUR annual question, "What Is the Most Important Retail Credit Problem for 1945?" are varied and give food for thought.

One reply stressed the necessity for a change of attitude in customer relations. This member mentioned that due to personnel problems, customers have not received the courteous treatment of prewar days, at which time they were made to feel that their accounts were not only welcome but appreciated.

Management has criticized credit executives for their failure to continue credit promotions, seeking new customers and holding those already on the books.

For a period of a year and a half following the charge account amendment to Regulation W, May 6, 1942, in order to cooperate with the Federal Reserve Board in its effort to reduce credit sales, a large majority of credit managers discontinued or greatly curtailed credit promotions. This was done to such an extent that concern was felt about the decrease in the number of new accounts put on the books, and the increase in the number of inactive accounts, as compared to previous years.

In a recent talk by Elmer Wheeler, business psychologist and author, in which he urged his audience to "take an hour to say 'No,'" he mentioned retailing and the headaches incident to holding customers because of a too hasty "No" and the failure to satisfactorily explain the reason.

While to an appreciable extent, at least, this was the fault of untrained personnel, due largely to heavy turnover, there is no doubt but that many customers, both credit and cash, have been lost. Bringing those customers back into the fold should be considered your number one retail credit problem for 1945.

Your ledgers should be analyzed and every inactive account since January 1, 1942, should be written for an explanation of the inactivity, and the customer urged to use the account regularly. With the mailing of that letter, if the account has been inactive for more than a year, a current credit report should be obtained from your credit bureau. It will enable you to decide whether or not the customer should be written more than one letter, in an effort to revive the account.

It is equally as important to devise ways and means to develop new charge accounts. There isn't a more appropriate time than now to engage the necessary personnel for the intelligent handling of this work. Properly trained, they will then be experienced members of your staff after Victory, and able to carry on in making the credit department, as it was before we entered the war, a top ranking department in your establishment.

The success of your department will depend upon the initiative displayed in developing this new business. *Make it your major responsibility for 1945.*

**L. S. Crowder**

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